

OmniVision (603501 CH)

Solid 1H25 results; Maintain BUY

OmniVision reported 1H25 results. 1H revenue rose 15% YoY to RMB14.0bn, led by double-digit growth in Analog Solutions (+21% YoY) and Distribution (+42% YoY). During the period, gross margin remained stable at 30.5% (+1.3 pts YoY), while net profit surged by 48% YoY to RMB2.0bn. NPM improved to 14.5% (from 11.3% in 1H24), reflecting operating leverage and cost control. The sales of OV's core business, CIS, reached a record RMB10.3bn (+11% YoY), with auto, security, emerging IoT, and medical CIS growing 30%, 17%, 249%, and 68% YoY, respectively, offsetting weakness in mobile CIS (-19% YoY). We believe OmniVision is well-positioned in the CIS market, with leading market share in auto CIS, medical CIS, etc. We forecast its revenue to grow at 18%/25% YoY in 2025/26E, while NP to increase by 24%/50% YoY. **Maintain BUY with TP of RMB173.**

- **Auto CIS remained a key growth pillar**, accounting for 37% of segment sales with revenue of RMB3.8bn (+30% YoY). The growth was fueled by ADAS penetration and cabin imaging demand. With a ~30% global market share (per TechInsights) and tailwinds from China's "intelligent driving equality" policy, we expect OV's auto CIS sales to grow at 40% YoY in both 2025E and 2026E.
- **Mobile CIS faced headwinds in 1H** (-19% YoY) due to cyclical demand transition (end-of-cycle demand for OV50H EOL) and slow smartphone recovery in China (domestic shipment grew 3.3% YoY in 1Q25 on government subsidies but decreased 4%/4% YoY/QoQ in 2Q as demand fell). **We expect a seasonal pickup in 2H, but project full-year mobile CIS revenue to decline 15% YoY** as the headwinds persist (2025 smartphone shipment to grow by a merely 0.6%/1.9% YoY, per IDC/Counterpoint). **Growth should resume in 2026E** with design-wins in 200MP sensors and new product cycles.
- **Emerging IoT and Medical CIS showed explosive growth, while security demand gradually recovers.** Emerging IoT revenue surged by 249% YoY to RMB1.2bn in 1H25, driven by sports cameras, XR, and machine vision. Medical CIS rose 68% YoY to RMB443mn. Security CIS grew by 17% YoY to RMB827mn, due to rising adoption of its high-end products (Nyxel tech) and market recovery. We expect Emerging IoT and Medical CIS to maintain significant growth at 230%/50% YoY in 2025E.
- **Maintain BUY with TP of RMB173**, based on 33.6x 2026E P/E (in-line with historical 2-year average). Previous TP was RMB176 (41x 2025E P/E). We cut 2025/26E net profit forecasts by 19%/15% on slower mobile CIS ramp and GPM headwinds from mix shift (greater distribution sales contribution). We remain optimistic on OV with 50% YoY profit growth projection for 2026E, considering new mobile CIS product ramp-up and margin improvement. **Key risks:** Soft smartphone shipments and intensified competition.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	21,021	25,731	30,301	37,871	46,802
YoY growth (%)	4.7	22.4	17.8	25.0	23.6
Gross margin (%)	21.8	29.4	30.6	32.7	32.5
Net profit (RMB mn)	555.6	3,323.2	4,131.9	6,197.3	7,856.8
YoY growth (%)	(43.9)	498.1	24.3	50.0	26.8
EPS (Reported) (RMB)	0.47	2.77	3.45	5.17	6.56
YoY growth (%)	(44.0)	489.4	24.5	50.0	26.8
P/E (x)	308.9	52.4	42.1	28.1	22.1

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price RMB173.00
 (Previous TP RMB176.00)
Up/Downside 19.1%
Current Price RMB145.20

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Stock Data

Mkt Cap (RMB mn)	172,792.6
Avg 3 mths t/o (RMB mn)	2,103.5
52w High/Low (RMB)	157.98/82.70
Total Issued Shares (mn)	1190.0

Source: FactSet

Shareholding Structure

Yu Renrong	27.7%
SX WEIHAO EQU INVEST	6.2%
FUND ENT LP	

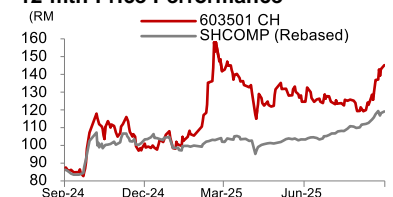
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	21.7%	11.8%
3-mth	16.5%	0.7%
6-mth	2.4%	-12.3%

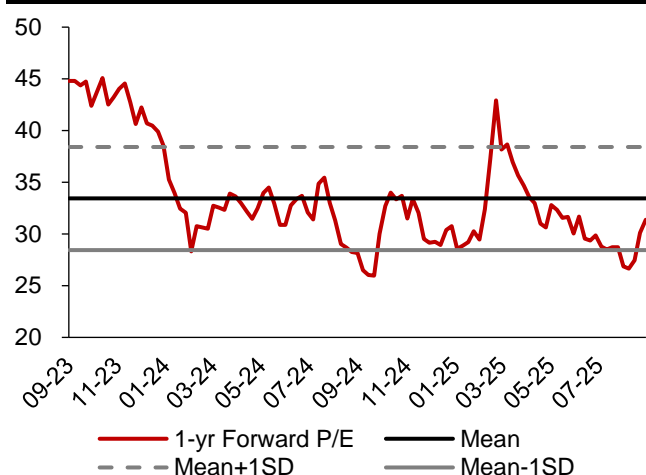
Source: FactSet

12-mth Price Performance



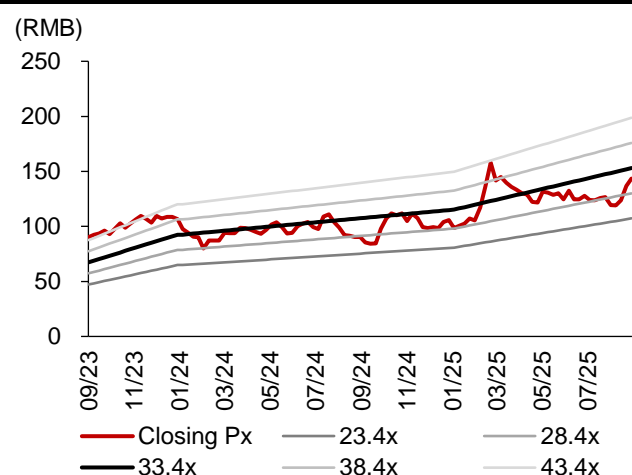
Source: FactSet

Figure 1: Forward PE chart



Source: Company data, CMBIGM estimates

Figure 2: PE band



Source: Company data, CMBIGM estimates

Figure 3: Earnings revisions

RMB (mn)	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	30,301	37,871	46,802	32,142	40,728	51,020	-6%	-7%	-8%
Gross profit	9,286	12,403	15,226	10,639	14,418	18,469	-13%	-14%	-18%
Net profit	4,132	6,197	7,857	5,095	7,309	9,425	-19%	-15%	-17%
EPS (RMB)	3.45	5.17	6.56	4.25	6.09	7.86	-19%	-15%	-17%
Gross margin	30.6%	32.7%	32.5%	33.1%	35.4%	36.2%	-2.5 ppt	-2.7 ppt	-3.7 ppt
Net margin	13.6%	16.4%	16.8%	15.9%	17.9%	18.5%	-2.2 ppt	-1.6 ppt	-1.7 ppt

Source: CMBIGM estimates

Figure 4: CMBIGM estimates vs. Bloomberg consensus

RMB (mn)	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	30,301	37,871	46,802	30,857	36,541	42,452	-2%	4%	10%
Gross profit	9,286	12,403	15,226	9,666	11,762	13,907	-4%	5%	9%
Net profit	4,132	6,197	7,857	4,629	5,969	7,330	-11%	4%	7%
EPS (RMB)	3.45	5.17	6.56	3.86	4.90	5.99	-11%	5%	10%
Gross margin	30.6%	32.7%	32.5%	31.3%	32.2%	32.8%	-0.7 ppt	0.6 ppt	-0.2 ppt
Net margin	13.6%	16.4%	16.8%	15.0%	16.3%	17.3%	-1.4 ppt	0 ppt	-0.5 ppt

Source: CMBIGM estimates, Bloomberg consensus

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	20,078	21,021	25,731	30,301	37,871	46,802
Cost of goods sold	(13,903)	(16,446)	(18,154)	(21,014)	(25,468)	(31,576)
Gross profit	6,175	4,574	7,576	9,286	12,403	15,226
Operating expenses	(3,719)	(3,297)	(3,908)	(4,387)	(5,452)	(6,621)
Selling expense	(516)	(467)	(557)	(600)	(757)	(936)
Admin expense	(25)	(33)	(40)	(48)	(59)	(73)
SG&A expense	(765)	(623)	(748)	(727)	(871)	(959)
R&D expense	(2,496)	(2,234)	(2,622)	(3,088)	(3,859)	(4,769)
Others	82	60	59	76	95	117
Operating profit	2,456	1,277	3,668	4,899	6,950	8,605
Other income	5	26	13	0	0	0
Other expense	(2)	(2)	(5)	0	0	0
Gain/loss on financial assets at FVTPL	(1,425)	(367)	(639)	(328)	(352)	(436)
Investment gain/loss	1,047	73	182	12	12	12
Other gains/(losses)	(186)	140	47	(25)	(90)	(112)
EBIT	1,895	1,148	3,266	4,558	6,520	8,069
Interest income	27	96	330	469	582	705
Interest expense	(494)	(534)	(327)	(308)	(315)	(318)
Net Interest income/(expense)	(467)	(438)	4	161	267	387
Other income/expense	(127)	(19)	9	(91)	(114)	(140)
Pre-tax profit	1,301	691	3,278	4,628	6,673	8,316
Income tax	(343)	(148)	6	(537)	(537)	(537)
After tax profit	958	544	3,284	4,091	6,136	7,779
Minority interest	(32)	(12)	(39)	(41)	(61)	(78)
Net profit	990	556	3,323	4,132	6,197	7,857

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	19,613	20,264	21,804	26,392	31,997	40,788
Cash & equivalents	4,026	9,086	10,185	13,019	15,757	19,116
Account receivables	2,502	4,031	3,964	5,290	5,878	7,933
Inventories	12,356	6,322	6,956	7,033	9,108	12,246
Prepayment	236	221	251	545	682	842
Financial assets at FVTPL	14	133	0	0	0	0
Other current assets	479	472	448	504	572	651
Non-current assets	15,577	17,479	17,160	17,863	18,097	18,485
PP&E	2,047	2,586	3,126	3,375	3,536	3,708
Right-of-use assets	209	176	154	105	61	22
Intangibles	2,018	2,305	2,216	2,073	1,911	1,723
Goodwill	3,169	3,861	3,632	3,632	3,632	3,632
Other non-current assets	8,134	8,551	8,032	8,677	8,958	9,400
Total assets	35,190	37,743	38,965	44,255	50,094	59,273
Current liabilities	10,373	9,069	7,595	10,797	10,939	12,745
Short-term borrowings	3,632	2,671	1,086	1,637	1,596	1,341
Account payables	1,128	1,663	1,935	2,670	2,353	3,875
Tax payable	145	229	229	259	293	347
Other current liabilities	5,079	4,055	3,787	5,666	6,027	6,371
Contract liabilities	125	187	226	266	332	410
Accrued expenses	263	264	332	299	338	400
Non-current liabilities	6,717	7,180	7,167	5,493	5,792	6,437
Long-term borrowings	2,750	2,977	3,472	1,584	1,702	2,064
Bond payables	2,347	2,444	2,524	2,542	2,542	2,542
Obligations under finance leases	145	122	97	106	120	142
Deferred income	24	25	22	43	49	57
Other non-current liabilities	1,451	1,611	1,052	1,219	1,379	1,632
Total liabilities	17,090	16,248	14,762	16,291	16,731	19,182
Share capital	1,185	1,216	1,216	1,217	1,217	1,217
Retained earnings	8,572	9,008	11,868	15,357	20,721	27,374
Other reserves	8,261	11,227	11,117	11,430	11,526	11,678
Total shareholders equity	18,018	21,451	24,201	28,004	33,464	40,270
Minority interest	82	44	1	(40)	(101)	(179)
Total equity and liabilities	35,190	37,743	38,965	44,255	50,094	59,273

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	958	544	3,284	4,091	6,136	7,779
Depreciation & amortization	1,045	1,166	1,295	1,436	1,562	1,716
Change in working capital	(5,300)	5,175	(699)	(288)	(2,238)	(5,086)
Others	1,303	651	892	(524)	(93)	605
Net cash from operations	(1,993)	7,537	4,772	4,716	5,367	5,014
Investing						
Capital expenditure	(2,259)	(1,048)	(1,249)	(1,454)	(1,637)	(1,862)
Net proceeds from disposal of short-term investments	7	7	28	30	41	53
Others	(1,765)	(1,422)	410	(174)	1	(18)
Net cash from investing	(4,017)	(2,464)	(811)	(1,598)	(1,595)	(1,828)
Financing						
Dividend paid	(822)	(574)	(664)	(812)	(942)	(1,258)
Net borrowings	3,242	(2,009)	(1,297)	403	77	107
Proceeds from share issues	273	3,394	218	286	0	0
Others	(438)	(875)	(1,264)	(127)	(127)	(127)
Net cash from financing	2,255	(64)	(3,007)	(250)	(992)	(1,278)
Net change in cash						
Cash at the beginning of the year	7,630	3,995	9,055	10,153	12,979	15,716
Exchange difference	120	51	143	(42)	(42)	(42)
Others	(3,755)	5,009	955	2,868	2,779	3,401
Cash at the end of the year	3,995	9,055	10,153	12,979	15,716	19,076
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	(16.7%)	4.7%	22.4%	17.8%	25.0%	23.6%
Gross profit	(25.7%)	(25.9%)	65.6%	22.6%	33.6%	22.8%
Operating profit	(51.1%)	(48.0%)	187.2%	33.6%	41.9%	23.8%
EBIT	(64.6%)	(39.4%)	184.4%	39.6%	43.1%	23.8%
Net profit	(77.9%)	(43.9%)	498.1%	24.3%	50.0%	26.8%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	30.8%	21.8%	29.4%	30.6%	32.7%	32.5%
Operating margin	12.2%	6.1%	14.3%	16.2%	18.4%	18.4%
Return on equity (ROE)	5.8%	2.8%	14.6%	15.8%	20.2%	21.3%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Current ratio (x)	1.9	2.2	2.9	2.4	2.9	3.2
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	172.9	308.9	52.4	42.1	28.1	22.1
P/E (diluted)	172.9	308.9	52.4	42.1	28.1	22.1

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

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