1 Apr 2026

CMB International Global Markets | Equity Research | Company Update

Sunny Optical (2382 HK)

2026 guidance better-than-feared; high-end SP/auto/IoT to drive earnings growth

Sunny's 2H25 revenue/net profit grew 21%/85% YoY to RMB23.6bn/3.0bn, with net profit largely in-line with prior positive profit alert (RMB2.94-3.08bn) and our estimates, but 44% above consensus estimates due to one-off investment gain from equity interests in Goertek Optical. Looking into 2026, mgmt. guided revenue/net profit growth of not less than 7%/7% YoY, driven by smartphone revenue +5-10% YoY (ASP hike and share gains) and IoT revenue of 60% YoY, offsetting weaker XR segment. We believe Sunny's focus on high-end spec upgrade and strong IoT product pipeline will become major growth drivers in 2026 despite near-term smartphone/auto industry headwinds. We adjusted our FY26-27E forecasts to reflect FY25 results and better-than-feared 2026 guidance. Our new SOTP-based TP of HK$82.99 implies 20.0x FY26E P/E. Maintain BUY.

- **2H25 largely in-line; smartphone ASP hike and fast-growing IoT.** Sunny's 2H25 net profit growth of 85% YoY to RMB3.0bn is in-line with prior positive profit alert/our estimates but 44% above consensus estimates, due to one-off gain from equity interests in Goertek Optical. 2H25 GPM improved 0.3ppts to 19.6%, slightly below our/consensus estimates of 20.2%/19.9%. By segment: 1) Handset: FY25 revenue +9% YoY driven by HLS/HCM rising ASP (+12%/+15% YoY) with better product mix. 2) Vehicle: FY25 revenue +21% YoY thanks to rapid penetration of ADAS/ADS; 3) XR: revenue -7% YoY dragged by major client profit transition, offsetting smart glasses growth (+800% YoY). 4) Others: revenue +37% YoY driven by handheld imaging devices, lawn mowing robots and warehouse automation projects.
- **FY26E outlook: handset spec upgrade/share gain and auto/IoT growth.** During earnings call, mgmt. guided better-than-feared handset segment outlook (revenue +5-10% YoY, HLS/HCM GPM at 25-30%/8%) despite ongoing industry headwinds. By product, Sunny expected hybrid lens/periscope lens/periscope module revenue to grow 150%/40%/20% YoY. For vehicle segment, Sunny remains positive on Lidar, HUD and smart vehicle lighting in FY26E. For XR biz, mgmt. guided revenue of RMB2bn (-16% YoY) due to client product transition while optical engines and AR system projects with major overseas client will commence mass production in FY27E.
- **Valuation/Key risks.** Despite smartphone/auto industry headwinds, we believe Sunny is well-positioned to weather the storm, thanks to high-end spec upgrade and technology leadership across auto/IoT segments. Our new SOTP-based TP of HK$82.99 implies 20.0x FY26E P/E. Maintain BUY.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	31,681	38,294	43,229	45,906	49,131
YoY growth (%)	(4.6)	20.9	12.9	6.2	7.0
Net profit (RMB mn)	1,099.4	2,699.2	4,639.1	4,154.5	4,628.8
YoY growth (%)	(54.3)	145.5	71.9	(10.4)	11.4
EPS (Reported) (RMB)	1.01	2.48	4.27	3.82	4.26
Consensus EPS (RMB)	na	2.53	3.41	3.66	4.22
P/E (x)	46.8	19.0	11.0	12.3	11.1
P/B (x)	2.3	2.0	1.7	1.6	1.5
Yield (%)	1.0	2.3	3.9	3.5	3.9
ROE (%)	4.9	11.2	16.9	13.4	13.8
Net gearing (%)	(45.5)	(6.1)	(14.5)	23.4	(26.0)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**HK$82.99**
(Previous TP	HK$91.38)
Up/Downside	**55.3%**
Current Price	**HK$53.45**

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Stock Data

Mkt Cap (HK$ mn)	58,634.7
Avg 3 mths t/o (HK$ mn)	694.1
52w High/Low (HK$)	90.90/52.70
Total Issued Shares (mn)	1097.0

Source: FactSet

Shareholding Structure

Sun Xu Ltd	35.5%
JP Morgan Chase & Co	4.9%

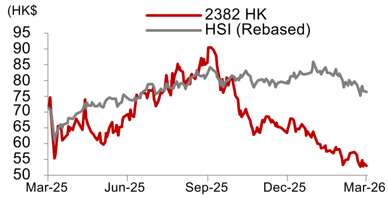
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-8.2%	-1.4%
3-mth	-18.5%	-15.7%
6-mth	-40.9%	-36.0%

Source: FactSet

12-mth Price Performance



Source: FactSet

Earnings Review

Figure 1: 2025 earnings review

				CMBIGM		Consensus	
RMB mn	2024	2025	YoY	2025E	Diff (%)	2025E	Diff (%)
Revenue	38,294	43,229	13%	42,056	3%	42,965	1%
Gross profit	7,006	8,516	22%	8,435	1%	8,541	0%
Operating profit	3,525	5,681	61%	4,711	21%	3,455	64%
Net profit	2,699	4,639	72%	4,610	1%	3,719	25%
EPS (RMB)	2.48	4.27	72%	4.24	1%	3.41	25%
Gross margin	18.3%	19.7%	1.4 ppt	20.1%	-0.4 ppt	19.9%	-0.2 ppt
Operating margin	9.2%	13.1%	3.9 ppt	11.2%	1.9 ppt	8.0%	5.1 ppt
Net margin	7.0%	10.7%	3.7 ppt	11.0%	-0.2 ppt	8.7%	2.1 ppt

Source: Company data, CMBIGM estimates

Figure 2: 2H25 earnings review

						CMBIGM		Consensus	
RMB mn	1H24	2H24	1H25	2H25	YoY	2H25E	Diff (%)	2H25E	Diff (%)
Revenue	18,860	19,434	19,652	23,577	21%	22,405	5%	23,313	1%
Gross profit	3,246	3,760	3,894	4,621	23%	4,533	2%	4,647	-1%
Operating profit	1,526	1,998	2,017	3,664	83%	2,687	36%	1,438	155%
Net profit	1,079	1,620	1,646	2,993	85%	2,957	1%	2,073	44%
EPS (RMB)	0.99	1.49	1.49	2.75	85%	2.75	0%	1.92	43%
Gross margin	17.2%	19.3%	19.8%	19.6%	0.3 ppt	20.2%	-0.6 ppt	19.9%	-0.3 ppt
Operating margin	8.1%	10.3%	10.3%	15.5%	5.3 ppt	12.0%	3.5 ppt	6.2%	9.4 ppt
Net margin	5.7%	8.3%	8.4%	12.7%	4.4 ppt	13.2%	-0.5 ppt	8.9%	3.8 ppt

Source: Company data, CMBIGM estimates

Earnings Revision

Figure 3: CMBIGM earnings revisions

	New			Old			Change (%)		
RMB mn	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	43,229	45,906	49,131	42,056	41,582	45,468	3%	10%	8%
Gross profit	8,516	8,105	8,871	8,435	8,562	9,857	1%	-5%	-10%
Operating profit	5,681	5,157	5,715	4,711	4,825	5,749	21%	7%	-1%
Net profit	4,639	4,155	4,629	4,610	3,909	4,699	1%	6%	-1%
EPS (RMB)	4.27	3.82	4.26	4.24	3.59	4.32	1%	6%	-1%
Gross margin	19.7%	17.7%	18.1%	20.1%	20.6%	21.7%	-0.4 ppt	-2.9 ppt	-3.6 ppt
Operating margin	13.1%	11.2%	11.6%	11.2%	11.6%	12.6%	1.9 ppt	-0.4 ppt	-1 ppt
Net margin	10.7%	9.1%	9.4%	11.0%	9.4%	10.3%	-0.2 ppt	-0.4 ppt	-0.9 ppt

Source: Company data, CMBIGM estimates

Figure 4: CMBIGM estimates vs consensus

	CMBIGM			Consensus			Diff (%)		
RMB mn	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	43,229	45,906	49,131	42,965	46,070	51,198	1%	0%	-4%
Gross profit	8,516	8,105	8,871	8,541	9,281	10,431	0%	-13%	-15%
Operating profit	5,681	5,157	5,715	3,455	4,241	4,994	64%	22%	14%
Net profit	4,639	4,155	4,629	3,719	4,020	4,671	25%	3%	-1%
EPS (RMB)	4.27	3.82	4.26	3.41	3.66	4.22	25%	4%	1%
Gross margin	19.7%	17.7%	18.1%	19.9%	20.1%	20.4%	-0.2 ppt	-2.5 ppt	-2.3 ppt
Operating margin	13.1%	11.2%	11.6%	8.0%	9.2%	9.8%	5.1 ppt	2 ppt	1.9 ppt
Net margin	10.7%	9.1%	9.4%	8.7%	8.7%	9.1%	2.1 ppt	0.3 ppt	0.3 ppt

Source: Bloomberg, CMBIGM estimates

Figure 5: P&L forecast

RMB mn	FY22	FY23	FY24	FY25	FY26E	FY27E
Revenue	**33,197**	**31,681**	**38,294**	**43,229**	**45,906**	**49,131**
…YoY	*-11.5%*	*-4.6%*	*20.9%*	*12.9%*	*6.2%*	*7.0%*
Cost of sales	-26,592	-27,091	(31,288)	(34,713)	(37,800)	(40,260)
Gross profit	**6,605**	**4,590**	**7,006**	**8,516**	**8,105**	**8,871**
GPM (%)	19.9%	14.5%	18.3%	19.7%	17.7%	18.1%
…YoY	*-24.4%*	*-30.5%*	*52.6%*	*21.6%*	*-4.8%*	*9.4%*
SG&A	(1,281)	(1,425)	(1,839)	(1,763)	(1,997)	(2,137)
…% of rev	*-3.9%*	*-4.5%*	*-4.8%*	*-4.1%*	*-4.4%*	*-4.4%*
R&D	(2,803)	(2,566)	(2,924)	(3,259)	(3,489)	(3,734)
…% of rev	*-8.4%*	*-8.1%*	*-7.6%*	*-7.5%*	*-7.6%*	*-7.6%*
Other gain & loss	537	151	637	716	1,654	-
Operating profit	**3,014**	**1,785**	**3,525**	**5,681**	**5,157**	**5,715**
OPM (%)	9.1%	5.6%	9.2%	13.1%	11.2%	11.6%
…YoY	*-48.5%*	*-40.8%*	*97.5%*	*61.2%*	*-9.2%*	*10.8%*
Net profit	**2,408**	**1,099**	**2,699**	**4,639**	**4,155**	**4,629**
NPM (%)	7.3%	3.5%	7.0%	10.7%	9.1%	9.4%
…YoY	*-51.8%*	*-54.3%*	*145.5%*	*71.9%*	*-10.4%*	*11.4%*

Source: Company data, CMBIGM estimates

Figure 6: Major assumptions

RMB mn	FY24	FY25	FY26E	FY27E
Handset products	25,155	27,324	28,690	30,125
…YoY(%)		*8.6%*	*5.0%*	*5.0%*
Vehicle products	6,039	7,328	8,427	9,438
…YoY(%)		*21.3%*	*15.0%*	*12.0%*
XR products	2,577	2,393	1,987	2,086
…YoY(%)		*-7.1%*	*-17.0%*	*5.0%*
Other products	4,523	6,184	6,802	7,482
…YoY(%)		*36.7%*	*10.0%*	*10.0%*
Total Revenue	**38,294**	**43,229**	**45,906**	**49,131**
…YoY(%)		*12.9%*	*6.2%*	*7.0%*
Segment margin				
Handset products	12.9%	14.7%	12.0%	13.0%
Vehicle products	35.3%	31.9%	30.0%	28.0%
XR products	11.8%	19.6%	15.0%	14.0%
Other products	29.3%	27.5%	27.0%	27.0%
Blended GPM	**18.3%**	**19.7%**	**17.7%**	**18.1%**

Source: Company data, CMBIGM estimates

Valuation

Maintain BUY with new TP of HK$82.99

We maintain BUY with new SOTP-based TP of HK$82.99. We derived our 12-month TP from SOTP methodology and weighted-average target P/E multiple of 20.0x FY26E EPS, to reflect Sunny's diversification in multiple businesses with different growth profiles, and visibility of product upcycles across different segments.

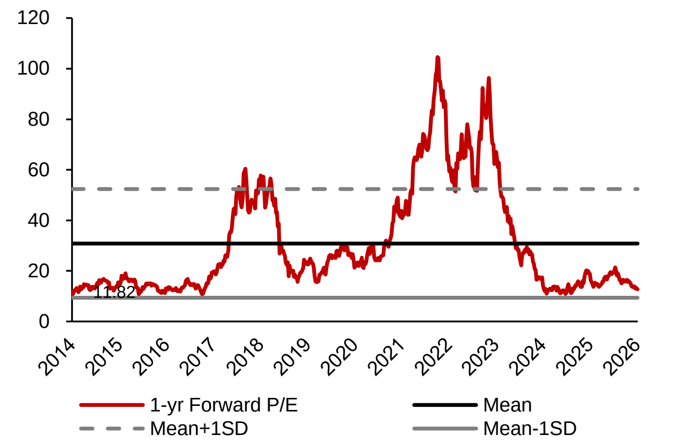
Sunny adjusted its business segments to handset products, vehicle products, XR products and other products in 2025, and we assign different target multiples to different segments. We assign 20x P/E to its handset business to reflect its global No.1 position, AI/Fold smartphone cycle and technology leadership. We assign 23x P/E for its vehicle business to reflect high-margin and high-growth industry nature of vehicle lens, Sunny's No.1 global market share and accelerated ADAS adoption. We apply a 25x P/E to its XR products segment given secular upgrade trend and industry leadership, and 15x to other products.

Figure 7: Sunny Optical – SOTP valuation

Business segment	% of FY26E Profit	FY26E EPS (RMB)	Target P/E
Handset products	42.5%	1.62	20x
Vehicle products	31.2%	1.19	23x
XR products	3.7%	0.14	25x
Other products	22.7%	0.87	15x
Total (RMB) /Implied P/E		3.82	20.0x
TP (HK$)			82.99

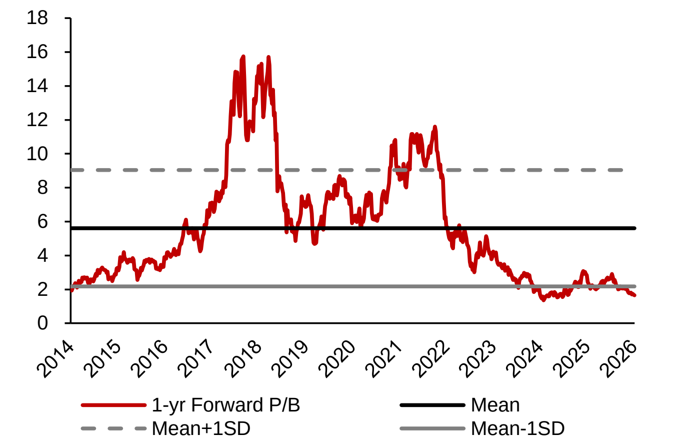
Source: Company data, CMBIGM estimates

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	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	**33,197**	**31,681**	**38,294**	**43,229**	**45,906**	**49,131**
Cost of goods sold	(26,592)	(27,091)	(31,288)	(34,713)	(37,800)	(40,260)
Gross profit	**6,605**	**4,590**	**7,006**	**8,516**	**8,105**	**8,871**
Selling expense	(353)	(415)	(439)	(343)	(459)	(491)
Admin expense	(929)	(1,010)	(1,399)	(1,420)	(1,538)	(1,646)
R&D expense	(2,803)	(2,566)	(2,924)	(3,259)	(3,489)	(3,734)
Others	504	1,208	1,281	2,192	2,537	2,715
Operating profit	**3,014**	**1,785**	**3,525**	**5,681**	**5,157**	**5,715**
Share of (losses)/profits of associates/JV	(6)	23	118	172	172	172
Net Interest income/(expense)	**(293)**	**(449)**	**(499)**	**(436)**	**(436)**	**(436)**
Pre-tax profit	**2,715**	**1,358**	**3,144**	**5,416**	**4,892**	**5,450**
Income tax	(241)	(208)	(367)	(609)	(587)	(654)
Minority interest	66	51	78	168	150	168
Net profit	**2,408**	**1,099**	**2,699**	**4,639**	**4,155**	**4,629**
Net dividends	1,048	505	1,174	2,019	1,808	2,014

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	**30,646**	**35,144**	**37,470**	**42,363**	**32,664**	**49,673**
Cash & equivalents	7,033	13,085	4,509	7,482	(4,360)	12,302
Account receivables	7,205	7,855	9,211	10,013	11,809	11,546
Inventories	4,721	5,137	5,870	7,180	7,526	8,137
ST bank deposits	485	1,324	3,085	2,044	2,044	2,044
Financial assets at FVTPL	10,086	7,113	13,874	11,407	11,407	11,407
Other current assets	1,115	631	921	4,237	4,237	4,237
Non-current assets	**12,356**	**15,153**	**16,337**	**16,852**	**17,024**	**16,899**
PP&E	10,120	9,927	10,525	9,818	9,977	9,837
Other non-current assets	2,236	5,226	5,813	7,034	7,047	7,063
Total assets	**43,001**	**50,297**	**53,807**	**59,215**	**49,688**	**66,572**
Current liabilities	**19,337**	**21,287**	**22,398**	**27,044**	**15,020**	**29,123**
Short-term borrowings	1,990	699	926	1,770	1,770	1,770
Account payables	12,917	20,325	20,825	21,559	9,510	23,581
Other current liabilities	8,757	7,987	9,659	8,841	23,388	12,099
Non-current liabilities	**1,482**	**6,129**	**6,117**	**2,406**	**2,406**	**2,406**
Long-term borrowings	30	1,965	2,033	1,406	1,406	1,406
Other non-current liabilities	1,452	4,164	4,084	1,000	1,000	1,000
Total liabilities	**20,819**	**27,415**	**28,514**	**29,450**	**17,427**	**31,529**
Share capital	105	105	105	105	105	105
Other reserves	21,733	22,318	24,660	29,044	31,390	34,005
Total shareholders equity	**22,182**	**22,882**	**25,293**	**29,764**	**32,261**	**35,044**
Minority interest	344	459	528	616	766	934
Total equity and liabilities	**43,001**	**50,297**	**53,807**	**59,215**	**49,688**	**66,572**

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**2,715**	**1,358**	**3,144**	**5,416**	**4,892**	**5,450**
Depreciation & amortization	2,048	2,437	2,437	2,437	2,840	3,140
Change in working capital	4,053	6,342	(1,589)	(1,377)	(14,193)	13,724
Others	(1,438)	324	(536)	(397)	(138)	(202)
Net cash from operations	**7,377**	**10,461**	**3,455**	**6,080**	**(6,598)**	**22,112**
Investing						
Capital expenditure	(3,864)	(2,245)	(3,034)	(1,730)	(3,000)	(3,000)
Others	30	0	(7,402)	2,730	0	0
Net cash from investing	**(3,834)**	**(2,245)**	**(10,437)**	**999**	**(3,000)**	**(3,000)**
Financing						
Dividend paid	(1,048)	(505)	(1,174)	(2,019)	(1,808)	(2,014)
Net borrowings	0	0	0	0	0	0
Share repurchases	0	0	0	0	0	0
Others	(1,111)	(449)	(400)	(75)	(436)	(436)
Net cash from financing	**(2,159)**	**(954)**	**(1,575)**	**(2,094)**	**(2,244)**	**(2,450)**
Net change in cash						
Cash at the beginning of the year	5,605	7,033	13,085	4,509	7,482	(4,360)
Exchange difference	44	0	0	0	0	0
Cash at the end of the year	**7,033**	**13,085**	**4,509**	**7,482**	**(4,360)**	**12,302**

GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	(11.5%)	(4.6%)	20.9%	12.9%	6.2%	7.0%
Gross profit	(24.4%)	(30.5%)	52.6%	21.6%	(4.8%)	9.4%
Operating profit	(48.5%)	(40.8%)	97.5%	61.2%	(9.2%)	10.8%
Net profit	(51.8%)	(54.3%)	145.5%	71.9%	(10.4%)	11.4%

PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	19.9%	14.5%	18.3%	19.7%	17.7%	18.1%
Operating margin	9.1%	5.6%	9.2%	13.1%	11.2%	11.6%
Return on equity (ROE)	11.2%	4.9%	11.2%	16.9%	13.4%	13.8%

GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	(0.2)	(0.5)	(0.1)	(0.1)	0.2	(0.3)
Current ratio (x)	1.6	1.7	1.7	1.6	2.2	1.7
Receivable turnover days	80.6	86.8	86.8	86.8	86.8	86.8
Inventory turnover days	70.0	66.4	66.4	66.4	71.0	71.0
Payable turnover days	156.4	223.9	223.9	223.9	150.0	150.0

VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	21.4	46.8	19.0	11.0	12.3	11.1
P/B	2.3	2.3	2.0	1.7	1.6	1.5
Div yield (%)	2.0	1.0	2.3	3.9	3.5	3.9
EV	22,182.4	22,881.6	25,292.9	29,764.3	32,261.4	35,043.6
EV/Sales	0.7	0.7	0.7	0.7	0.7	0.7

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

Disclosures & Disclaimers

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HOLD	: Stock with potential return of +15% to -10% over next 12 months
SELL	: Stock with potential loss of over 10% over next 12 months
NOT RATED	: Stock is not rated by CMBIGM
OUTPERFORM	: Industry expected to outperform the relevant broad market benchmark over next 12 months
MARKET-PERFORM	: Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
UNDERPERFORM	: Industry expected to underperform the relevant broad market benchmark over next 12 months

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