

BYDE (285 HK)

4Q24 earnings dragged by one-off expenses; auto/AI/Apple ramp to drive growth in 2025

BYDE's share price slumped 10% yesterday due to market concerns on lower 4Q24 GPM (5.9%, vs 8.5%/6.8% in 3Q/2Q), in our view. Despite a strong FY24 revenue of +34% YoY, mgmt. attributed the lower 4Q GPM to seasonality and one-off expenses from the share award scheme provision and early-stage ramp costs for iPhone casing biz. Looking ahead in 2025, we remain constructive on BYDE's NEV business (ADAS/cockpit/suspension/thermal), AI server ODM/component ramp, and improving operating efficiency in iPhone/iPad business, which should drive earnings growth in FY25/26E. We trim FY25/26E EPS to reflect FY24 results and slower OPM improvement. Our new SOTP-based TP of \$47.10 implies 16.2x FY25E P/E. Upcoming catalysts include auto product ramp, AI server order wins and improving GPM.

■ **4Q24 GPM miss on one-off expenses.** During the analyst briefing, mgmt. highlighted that 4Q24 GPM weakness was a result of 1) seasonality impact on higher consumer electronics sales mix, 2) one-off impact from the share award scheme provision, and 3) early-stage ramp costs for the new iPhone project. In our view, we believe the market is disappointed about lower 4Q GPM and slower OPM improvement after Jabil integration. That said, looking ahead, we expect higher revenue share from NEV/AI server/Apple businesses will be positive to GPM in FY25/26E, and improving operating efficiency and better cost management in Jabil casing business will also support margin recovery into FY25/26E.

■ **2025 outlook: positive on NEV products, AI server ramp and robotics.** For 2025, mgmt. shared business updates on NEV product pipeline, AI server progress and robotics development. For NEV, BYDE will focus on revenue ramp of ADAS and cockpit systems, and expects self-developed suspension/thermal products will be positive to its product mix. For AI server, leveraging partnership with Nvidia, BYDE started H20/L40 server ODM business for Chinese clients, while server components will start to be shipped to overseas CSP clients, focusing on liquid cooling (e.g., UQD, manifold, cold plate, CDU) and power components (e.g., PDB, power shelf, busbar). For robotics, BYDE is working on R&D for robotics components and expects to start AMR projects with Nvidia for factory automation in 2025.

■ **Attractive risk-reward; Maintain BUY.** We maintain our positive view on BYDE's outlook in FY25E and expect an improving revenue mix will continue to drive GPM recovery in FY25/26E. We adjust FY25/26E EPS to reflect FY24 results and margin outlook. Our new SOTP-based TP of \$47.10 implies 16.2x FY25E P/E. Trading at 14.6x FY25E P/E, the stock offers attractive risk-reward in our view. Maintain BUY.

Earnings Summary

| (YE 31 Dec) | FY23A | FY24A | FY25E | FY26E | FY27E |
|----------------------|---------|---------|---------|---------|---------|
| Revenue (RMB mn) | 129,957 | 177,306 | 201,788 | 229,804 | 251,251 |
| YoY growth (%) | 21.2 | 36.4 | 13.8 | 13.9 | 9.3 |
| Net profit (RMB mn) | 4,041.4 | 4,265.6 | 5,943.8 | 7,366.5 | 9,098.2 |
| YoY growth (%) | 117.6 | 5.5 | 39.3 | 23.9 | 23.5 |
| EPS (Reported) (RMB) | 1.79 | 1.89 | 2.64 | 3.27 | 4.04 |
| Consensus EPS (RMB) | Na | na | 2.94 | 3.68 | na |
| P/E (x) | 21.5 | 20.3 | 14.6 | 11.8 | 9.5 |
| P/B (x) | 3.0 | 2.7 | 2.4 | 2.1 | 1.8 |
| Yield (%) | 1.4 | 1.5 | 2.1 | 2.5 | 3.1 |
| ROE (%) | 14.7 | 13.8 | 17.2 | 18.8 | 20.3 |
| Net gearing (%) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

| | |
|----------------------|------------------|
| Target Price | HK\$47.10 |
| (Previous TP) | HK\$48.66) |
| Up/Downside | 14.3% |
| Current Price | HK\$41.20 |

China Technology

Alex NG

(852) 3900 0881

alexng@cmbi.com.hk

Hanqing LI

lihanqing@cmbi.com.hk

Stock Data

| | |
|--------------------------|-------------|
| Mkt Cap (HK\$ mn) | 92,832.0 |
| Avg 3 mths t/o (HK\$ mn) | 1,051.0 |
| 52w High/Low (HK\$) | 60.60/23.60 |
| Total Issued Shares (mn) | 2253.2 |

Source: FactSet

Shareholding Structure

| | |
|---------------------------|-------|
| Golden Link Worldwide Ltd | 65.8% |
| Gold Dragonfly Ltd | 5.0% |

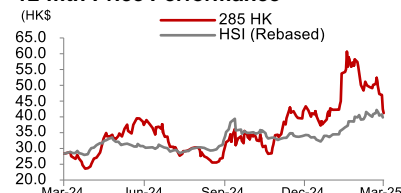
Source: HKEx

Share Performance

| | Absolute | Relative |
|-------|----------|----------|
| 1-mth | -26.0% | -25.0% |
| 3-mth | -1.3% | -15.5% |
| 6-mth | 33.8% | 13.5% |

Source: FactSet

12-mth Price Performance



Source: FactSet

Related reports:

1) 2H24 first take: NP miss on weak GPM; Positive on auto/AI server/Apple in 2025 - 25 Mar 2025 ([link](#))

2) Intelligence driving: Implications of BYD's "vehicle intelligence strategy" event - 11 Feb 2025 ([link](#))

3) FY24E Preview: Riding on leading customers' growth momentum; Reiterate BUY - 27 Jan 2025 ([link](#))

4) NDR takeaways: Apple, NEV products and AI server are key growth drivers in 2025 - 26 Nov 2024 ([link](#))

2H24 Results review

Figure 1: 2H24 results review

| RMB mn | 1H23 | 2H23 | 1H24 | 2H24 | YoY | CMBI | | Consensus | |
|------------------|--------|--------|--------|--------|---------|--------|----------|-----------|----------|
| | | | | | | 2H24E | Diff (%) | 2H24E | Diff (%) |
| Revenue | 56,180 | 73,777 | 78,581 | 98,725 | 34% | 98,652 | 0% | 105,336 | -6% |
| Gross profit | 4,409 | 6,025 | 5,379 | 6,922 | 15% | 7,860 | -12% | 8,871 | -22% |
| Operating profit | 1,029 | 2,676 | 1,208 | 2,719 | 2% | 3,135 | -13% | 3,596 | -24% |
| Net profit | 1,516 | 2,526 | 1,518 | 2,748 | 8.8% | 3,032 | -9% | 3,365 | -18% |
| EPS (RMB) | 0.67 | 1.12 | 0.67 | 1.22 | 8.8% | 1.35 | -9% | 1.49 | -18% |
| Gross margin | 7.8% | 8.2% | 6.8% | 7.0% | -1.2ppt | 8.0% | -1ppt | 8.4% | -1.4ppt |
| Operating margin | 1.8% | 3.6% | 1.5% | 2.8% | -0.9ppt | 3.2% | -0.4ppt | 3.4% | -0.7ppt |
| Net margin | 2.7% | 3.4% | 1.9% | 2.8% | -0.6ppt | 3.1% | -0.3ppt | 3.2% | -0.4ppt |

Source: Company data, Bloomberg, CMBIGM estimates

Figure 2: 4Q24 results review

| RMB mn | 1Q23 | 2Q23 | 3Q23 | 4Q23 | 1Q24 | 2Q24 | 3Q24 | 4Q24 | YoY | QoQ |
|--------------------|--------|--------|--------|--------|--------|--------|--------|--------|----------|----------|
| Revenue | 26,375 | 29,805 | 35,964 | 37,813 | 36,480 | 42,100 | 43,546 | 55,179 | 46% | 27% |
| Gross profit | 2,030 | 2,379 | 3,494 | 2,532 | 2,509 | 2,870 | 3,683 | 3,239 | 28% | -12% |
| Net profit | 459 | 1,057 | 1,528 | 998 | 610 | 907 | 1,546 | 1,202 | 21% | -22% |
| EPS (RMB) | 0.20 | 0.47 | 0.68 | 0.44 | 0.27 | 0.40 | 0.69 | 0.53 | 19% | -23% |
| Gross margin | 7.7% | 8.0% | 9.7% | 6.7% | 6.9% | 6.8% | 8.5% | 5.9% | -0.8 ppt | -2.6 ppt |
| Net margin | 1.7% | 3.5% | 4.2% | 2.6% | 1.7% | 2.2% | 3.5% | 2.2% | -0.5 ppt | -1.4 ppt |
| Revenue (YoY) | 26.0% | 30.9% | 31.0% | 4.9% | 38.3% | 41.3% | 21.1% | 45.9% | | |
| Gross profit (YoY) | 77.4% | 101.0% | 94.5% | 13.7% | 23.6% | 20.7% | 5.4% | 27.9% | | |
| Net profit (YoY) | 154.9% | 132.9% | 153.4% | 60.7% | 33.0% | -14.1% | 1.1% | 20.5% | | |

Source: Company data, CMBIGM

Earnings revision

Figure 3: Earnings revision

| (RMB mn) | New | | | Old | | | Change (%) | | |
|------------------|---------|---------|---------|---------|---------|-------|------------|----------|-------|
| | FY25E | FY26E | FY27E | FY25E | FY26E | FY27E | FY25E | FY26E | FY27E |
| Revenue | 201,788 | 229,804 | 251,251 | 203,533 | 229,412 | na' | -0.9% | 0.2% | na |
| Gross profit | 15,606 | 18,587 | 21,606 | 16,986 | 20,231 | na' | -8.1% | -8.1% | na |
| Operating profit | 5,921 | 7,556 | 9,546 | 6,504 | 8,417 | na' | -9.0% | -10.2% | na |
| Net profit | 5,944 | 7,367 | 9,098 | 6,436 | 8,100 | na' | -7.7% | -9.1% | na |
| EPS (RMB) | 2.64 | 3.27 | 4.04 | 2.86 | 3.60 | na' | -7.7% | -9.1% | na |
| Gross margin | 7.7% | 8.1% | 8.6% | 8.3% | 8.8% | na' | -0.6 ppt | -0.7 ppt | na |
| Operating margin | 2.9% | 3.3% | 3.8% | 3.2% | 3.7% | na' | -0.3 ppt | -0.4 ppt | na |
| Net Margin | 2.9% | 3.2% | 3.6% | 3.2% | 3.5% | na' | -0.2 ppt | -0.3 ppt | na |

Source: Company data, CMBIGM estimates

Figure 4: CMBI estimates vs consensus

| (RMB mn) | CMBI | | | Consensus | | | Diff (%) | | |
|------------------|---------|---------|---------|-----------|---------|-------|----------|----------|-------|
| | FY25E | FY26E | FY27E | FY25E | FY26E | FY27E | FY25E | FY26E | FY27E |
| Revenue | 201,788 | 229,804 | 251,251 | 207,288 | 229,427 | na | -2.7% | 0.2% | na |
| Gross profit | 15,606 | 18,587 | 21,606 | 17,456 | 20,172 | na | -10.6% | -7.9% | na |
| Operating profit | 5,921 | 7,556 | 9,546 | 6,873 | 8,736 | na | -13.9% | -13.5% | na |
| Net profit | 5,944 | 7,367 | 9,098 | 6,631 | 8,306 | na | -10.4% | -11.3% | na |
| EPS (RMB) | 2.64 | 3.27 | 4.04 | 2.94 | 3.68 | na | -10.3% | -11.1% | na |
| Gross margin | 7.7% | 8.1% | 8.6% | 8.4% | 8.8% | na | -0.7 ppt | -0.7 ppt | na |
| Operating margin | 2.9% | 3.3% | 3.8% | 3.3% | 3.8% | na | -0.4 ppt | -0.5 ppt | na |
| Net Margin | 2.9% | 3.2% | 3.6% | 3.2% | 3.6% | na | -0.3 ppt | -0.4 ppt | na |

Source: Bloomberg, CMBIGM estimates

Figure 5: P&L forecast

| (RMB mn) | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Revenue | 107,186 | 129,957 | 177,306 | 201,788 | 229,804 | 251,251 |
| ...YoY | 20.4% | 21.2% | 36.4% | 13.8% | 13.9% | 9.3% |
| Cost of sales | (100,836) | (119,523) | (165,004) | (186,182) | (211,217) | (229,644) |
| Gross profit | 6,350 | 10,434 | 12,301 | 15,606 | 18,587 | 21,606 |
| GPM (%) | 5.9% | 8.0% | 6.9% | 7.7% | 8.1% | 8.6% |
| ...YoY | 5.3% | 64.3% | 17.9% | 26.9% | 19.1% | 16.2% |
| SG&A | (1,770) | (2,007) | (3,485) | (4,036) | (4,596) | (5,025) |
| ...% of rev | 2% | 2% | 2% | 2% | 2% | 2% |
| R&D | (3,969) | (4,722) | (4,889) | (5,650) | (6,435) | (7,035) |
| ...% of rev | 4% | 4% | 3% | 3% | 3% | 3% |
| Operating profit | 611 | 3,705 | 3,927 | 5,921 | 7,556 | 9,546 |
| OPM (%) | 1% | 3% | 2% | 3% | 3% | 4% |
| ...YoY | -57% | 506% | 6% | 51% | 28% | 26% |
| Net profit | 1,858 | 4,041 | 4,266 | 5,944 | 7,367 | 9,098 |
| NPM (%) | 1.7% | 3.1% | 2.4% | 2.9% | 3.2% | 3.6% |
| ...YoY | -20% | 118% | 6% | 39% | 24% | 24% |

Source: Company data, CMBIGM estimates

Figure 6: Revenue breakdown

| (RMB mn) | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Assembly | 68,054 | 83,783 | 105,575 | 109,820 | 117,406 | 117,772 |
| ...YoY | 22% | 23% | 26% | 4% | 7% | 0% |
| Component (metal/glass/plastic) | 14,155 | 13,637 | 35,658 | 37,364 | 41,397 | 43,890 |
| ...YoY | -10% | -4% | 161% | 5% | 11% | 6% |
| Metal | 7,304 | 6,208 | 5,401 | 5,563 | 5,654 | 5,762 |
| Plastic | 3,221 | 2,803 | 2,887 | 3,232 | 3,394 | 3,563 |
| Glass/ceramic | 5,130 | 5,143 | 5,349 | 8,110 | 8,921 | 9,813 |
| Jabil component | | - | 19,170 | 19,395 | 22,259 | 23,679 |
| New intelligent | 15,207 | 18,441 | 15,560 | 21,784 | 25,052 | 27,557 |
| ...YoY | 22% | 21% | -16% | 40% | 15% | 10% |
| AI server | | - | 800 | 5,000 | 10,000 | 15,000 |
| E-cigarette | 1,540 | 2,062 | 2,165 | 2,273 | 2,387 | 2,387 |
| Household energy storage | 1,500 | 2,115 | 1,325 | 1,457 | 1,603 | 1,683 |
| Other new intelligent products | | 14,264 | 11,270 | 13,054 | 11,062 | 8,487 |
| Auto intelligent | 9,263 | 14,096 | 20,513 | 32,821 | 45,949 | 62,031 |
| ...YoY | 146% | 52% | 46% | 60% | 40% | 35% |
| Total | 107,186 | 129,957 | 177,306 | 201,788 | 229,804 | 251,251 |
| ...YoY | 20% | 21% | 36% | 14% | 14% | 9% |

Source: Company data, CMBIGM estimates

Valuation

Maintain BUY with new SOTP-based TP of HK\$47.10

We maintain our positive view on BYDE's outlook in FY25E and expect an improving revenue mix will continue to drive GPM recovery in FY25/26E. We have adjusted FY25/26E EPS to reflect FY24 results and margin outlook. We maintain BUY and our TP is based on SOTP valuation to reflect BYDE's business diversification with different growth profiles and visibility.

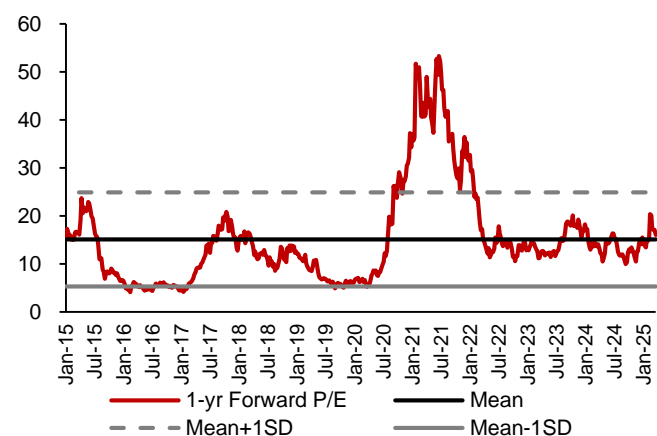
Our SOTP-based TP of HK\$47.10 implies 16.2x FY25E P/E. We assign 15x P/E to its assembly EMS business, 15x for Jabil iPhone casing and 15x P/E for component business, given Android's business margin recovery and Apple's business expansion. We adjust target multiple to 18x for new intelligent and NEV segments to reflect their growth potential and higher earnings visibility.

Figure 7: BYDE – SOTP valuation

| Business segment | % of FY25E Profit | FY25E EPS (RMB) | Target P/E |
|--------------------------|-------------------|-----------------|--------------|
| Assembly | 17% | 0.44 | 15x |
| Components | 16% | 0.41 | 15x |
| Jabil Components | 15% | 0.38 | 15x |
| New Intelligent | 18% | 0.47 | 16x |
| Auto intelligent | 36% | 0.94 | 18x |
| Others | 0% | 0 | - |
| Total (RMB) /Implied P/E | | 2.64 | 16.2x |
| TP (HK\$) | | | 47.10 |

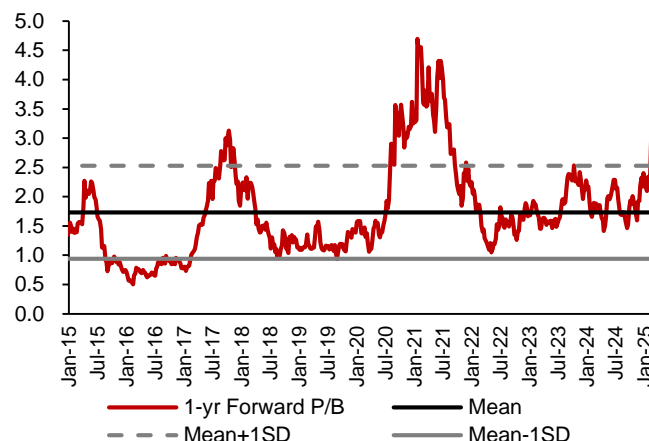
Source: Company data, CMBIGM estimates

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 | 107,186 | 129,957 | 177,306 | 201,788 | 229,804 | 251,251 |
| Cost of goods sold | (100,836) | (119,523) | (165,004) | (186,182) | (211,217) | (229,644) |
| Gross profit | 6,350 | 10,434 | 12,301 | 15,606 | 18,587 | 21,606 |
| Selling expense | (535) | (720) | (1,888) | (2,220) | (2,528) | (2,764) |
| Admin expense | (1,235) | (1,288) | (1,597) | (1,816) | (2,068) | (2,261) |
| SG&A expense | (535) | (720) | (1,888) | (2,220) | (2,528) | (2,764) |
| R&D expense | (3,969) | (4,722) | (4,889) | (5,650) | (6,435) | (7,035) |
| Operating profit | 611 | 3,705 | 3,927 | 5,921 | 7,556 | 9,546 |
| Other income/expense | 1,509 | 1,284 | 1,348 | 1,348 | 1,348 | 1,348 |
| Pre-tax profit | 1,939 | 4,681 | 4,740 | 6,832 | 8,467 | 10,458 |
| Income tax | (81) | (640) | (475) | (888) | (1,101) | (1,360) |
| Minority interest | 0 | 0 | 0 | 0 | 0 | 0 |
| Net profit | 1,858 | 4,041 | 4,266 | 5,944 | 7,367 | 9,098 |
| Adjusted net profit | 1,858 | 4,041 | 4,266 | 5,944 | 7,367 | 9,098 |

| BALANCE SHEET | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
|-------------------------------------|---------------|---------------|---------------|---------------|----------------|----------------|
| YE 31 Dec (RMB mn) | | | | | | |
| Current assets | 40,488 | 54,607 | 60,416 | 64,855 | 72,247 | 75,669 |
| Cash & equivalents | 6,244 | 10,537 | 7,052 | 3,644 | 3,982 | 3,214 |
| Account receivables | 10,471 | 23,011 | 32,306 | 34,957 | 41,644 | 42,106 |
| Inventories | 17,046 | 18,541 | 18,089 | 23,285 | 23,652 | 27,380 |
| ST bank deposits | 21 | 9 | 0 | 0 | 0 | 0 |
| Other current assets | 6,706 | 2,508 | 2,969 | 2,969 | 2,969 | 2,969 |
| Non-current assets | 16,506 | 32,612 | 29,932 | 33,464 | 37,432 | 41,547 |
| PP&E | 12,941 | 19,709 | 17,113 | 20,645 | 24,613 | 28,728 |
| Deferred income tax | 481 | 620 | 803 | 803 | 803 | 803 |
| Other non-current assets | 3,084 | 12,282 | 12,015 | 12,015 | 12,015 | 12,015 |
| Total assets | 56,994 | 87,219 | 90,347 | 98,319 | 109,679 | 117,215 |
| Current liabilities | 30,143 | 54,751 | 50,823 | 54,634 | 60,837 | 62,005 |
| Short-term borrowings | 2,004 | 14,613 | 6,505 | 6,505 | 6,505 | 6,505 |
| Account payables | 22,002 | 29,939 | 35,331 | 39,142 | 45,345 | 46,512 |
| Tax payable | 363 | 607 | 943 | 943 | 943 | 943 |
| Other current liabilities | 5,773 | 9,591 | 8,044 | 8,044 | 8,044 | 8,044 |
| Non-current liabilities | 1,216 | 3,138 | 7,122 | 7,122 | 7,122 | 7,122 |
| Deferred income | 231 | 290 | 240 | 240 | 240 | 240 |
| Other non-current liabilities | 986 | 2,847 | 6,882 | 6,882 | 6,882 | 6,882 |
| Total liabilities | 31,359 | 57,888 | 57,946 | 61,756 | 67,960 | 69,127 |
| Share capital | 4,052 | 4,052 | 4,052 | 4,052 | 4,052 | 4,052 |
| Other reserves | 21,583 | 25,278 | 28,349 | 32,510 | 37,667 | 44,036 |
| Total shareholders equity | 25,635 | 29,330 | 32,402 | 36,563 | 41,719 | 48,089 |
| Minority interest | 0 | 0 | 0 | 0 | 0 | 0 |
| Total equity and liabilities | 56,994 | 87,219 | 90,347 | 98,319 | 109,679 | 117,215 |

| CASH FLOW | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
|------------------------------------|----------------|-----------------|----------------|----------------|----------------|----------------|
| YE 31 Dec (RMB mn) | | | | | | |
| Operating | | | | | | |
| Profit before taxation | 1,939 | 4,681 | 4,740 | 6,832 | 8,467 | 10,458 |
| Depreciation & amortization | 2,563 | 2,788 | 3,230 | 3,732 | 4,305 | 4,931 |
| Change in working capital | 2,568 | (6,098) | (3,450) | (4,037) | (851) | (3,022) |
| Others | (182) | (534) | (322) | (888) | (1,101) | (1,360) |
| Net cash from operations | 5,961 | 10,243 | 4,719 | 6,062 | 11,243 | 11,430 |
| Investing | | | | | | |
| Capital expenditure | (4,469) | (3,998) | (6,383) | (7,264) | (8,273) | (9,045) |
| Others | (4,272) | (17,731) | (6,377) | (7,257) | (8,265) | (9,036) |
| Net cash from investing | (4,276) | (17,735) | (6,383) | (7,264) | (8,273) | (9,045) |
| Financing | | | | | | |
| Dividend paid | (372) | (1,212) | (1,280) | (1,783) | (2,210) | (2,729) |
| Others | 2,133 | 13,035 | (8,629) | (423) | (423) | (423) |
| Net cash from financing | 1,761 | 11,823 | (9,908) | (2,206) | (2,633) | (3,152) |
| Net change in cash | | | | | | |
| Cash at the beginning of the year | 2,825 | 6,244 | 10,537 | 7,052 | 3,644 | 3,982 |
| Exchange difference | (27) | (37) | 8,087 | 0 | 0 | 0 |
| Cash at the end of the year | 6,244 | 10,537 | 7,052 | 3,644 | 3,982 | 3,214 |
| GROWTH | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
| YE 31 Dec | | | | | | |
| Revenue | 20.4% | 21.2% | 36.4% | 13.8% | 13.9% | 9.3% |
| Gross profit | 5.3% | 64.3% | 17.9% | 26.9% | 19.1% | 16.2% |
| Operating profit | (56.5%) | 506.5% | 6.0% | 50.8% | 27.6% | 26.3% |
| Net profit | (19.6%) | 117.6% | 5.5% | 39.3% | 23.9% | 23.5% |
| Adj. net profit | (19.6%) | 117.6% | 5.5% | 39.3% | 23.9% | 23.5% |
| PROFITABILITY | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
| YE 31 Dec | | | | | | |
| Gross profit margin | 5.9% | 8.0% | 6.9% | 7.7% | 8.1% | 8.6% |
| Operating margin | 0.6% | 2.9% | 2.2% | 2.9% | 3.3% | 3.8% |
| Adj. net profit margin | 1.7% | 3.1% | 2.4% | 2.9% | 3.2% | 3.6% |
| Return on equity (ROE) | 7.5% | 14.7% | 13.8% | 17.2% | 18.8% | 20.3% |
| GEARING/LIQUIDITY/ACTIVITIES | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
| YE 31 Dec | | | | | | |
| Net debt to equity (x) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Current ratio (x) | 1.3 | 1.0 | 1.2 | 1.2 | 1.2 | 1.2 |
| Receivable turnover days | 33.6 | 47.0 | 36.5 | 36.5 | 36.5 | 36.5 |
| Inventory turnover days | 50.0 | 54.3 | 45.6 | 45.6 | 45.6 | 45.6 |
| Payable turnover days | 61.0 | 79.3 | 56.2 | 56.2 | 56.2 | 56.2 |
| VALUATION | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
| YE 31 Dec | | | | | | |
| P/E | 46.7 | 21.5 | 20.3 | 14.6 | 11.8 | 9.5 |
| P/B | 3.4 | 3.0 | 2.7 | 2.4 | 2.1 | 1.8 |
| Div yield (%) | 0.4 | 1.4 | 1.5 | 2.1 | 2.5 | 3.1 |
| EV | 25,635.1 | 29,330.4 | 32,401.7 | 36,562.6 | 41,719.5 | 48,088.6 |
| EV/Sales | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |

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

Disclosures & Disclaimers

Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report. Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

CMBIGM Ratings

BUY : Stock with potential return of over 15% over next 12 months
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

CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.