

# BaTeLab (2149 HK)

## Building through transition; Maintain BUY

BaTeLab reported FY25 results with revenue broadly flat at +0.9% YoY, while net profit declined by 26.8% YoY to RMB122mn, mainly due to share-based compensation of ~RMB53mn and a forex loss of ~RMB14mn amid RMB appreciation. Excluding these two non-core items, adj. net profit grew 18.5% YoY. Gross margin declined to 51.7% in FY25 from 53.0% in FY24, primarily due to an inventory impairment of ~RMB35mn. In our view, the Company is still balancing growth and profitability as it navigates channel optimization, supply tightness, and higher raw material costs. Looking ahead, we expect BaTeLab to deliver a 12.4% revenue CAGR over 2025-28E, with gross margin remaining broadly stable at around 52%. **Maintain BUY, with TP revised to HK\$57.0 from HK\$93.0, based on 17x 2026E P/E (prev. ~26.6x).**

■ **SKU expansion continued in 2025, although revenue growth remained modest amid ongoing channel optimization.** We estimate that the Company added ~150 SKUs in 2025, bringing its total portfolio to over 1,000, while revenue grew only slightly as mgmt. continued shifting away from distributor sales toward direct sales. Distributor sales accounted for 66% of FY25 revenue, down from 81% in 2024 and 77% in 1H25. We expect mgmt. to continue prioritizing direct sales to enhance long-term profitability, strengthen customer relationships, and reduce reliance on third-party distributors amid geopolitical uncertainty. By product, power management contributed 88% of revenue, with signal chain at 12%. End-market exposure remained broadly stable, led by industrial, NEV, and energy storage at 30%, 20%, and 20% of revenue, per mgmt., respectively.

■ **Building for next phase.** The Company's medium-term strategy remains centered on expanding its analog product portfolio, improving customer mix, and strengthening supply-chain control. Mgmt. plans to keep adding new SKUs while further increasing direct and quasi-direct sales, which should support better pricing discipline and long-term profitability. The Company is also targeting newer growth areas such as server power and selected emerging applications. On the supply side, BaTeLab is advancing its wafer fab buildout, with production targeted by end-2027. We view this as a strategic step to improve capacity security and supply-chain resilience, rather than a near-term earnings driver.

■ **Maintain BUY with TP revised to HK\$57, corresponding to 17x 2026E P/E with FY26 sales/net profit forecasts revised down by 17%/27%.** Given the Company's current liquidity profile, we believe a peer-based valuation approach has become less appropriate. While domestic names such as 3Peak and SGMicro, as well as overseas peers including TI and ADI, remain useful operational benchmarks, the Company's share price has increasingly been driven by stock-specific liquidity rather than sector valuation multiples. We therefore shift to a historical forward P/E framework and value the Company at 17x 2026E P/E, in line with its mean forward P/E.

### Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	579	584	700	782	829
YoY growth (%)	24.8	0.9	19.8	11.7	6.0
Gross margin (%)	53.0	51.7	52.2	52.6	52.6
Net profit (RMB mn)	166.6	122.0	185.8	222.0	243.0
YoY growth (%)	52.6	(26.8)	52.3	19.5	9.4
EPS (Reported) (RMB)	2.78	1.97	2.95	3.52	3.86
P/E (x)	13.0	18.4	12.3	10.3	9.4

Source: Company data, Bloomberg, CMBIGM estimates

### BUY (Maintain)

<b>Target Price</b>	<b>HK\$57.00</b>
(Previous TP)	HK\$93.00)
<b>Up/Downside</b>	<b>39.0%</b>
<b>Current Price</b>	<b>HK\$41.00</b>

### China Semiconductors

#### Kevin ZHANG

(852) 3761 8727

kevinzhang@cmbi.com.hk

#### Aaron GUO

(852) 3916 3715

aaronguo@cmbi.com.hk

### Stock Data

Mkt Cap (HK\$ mn)	2,583.0
Avg 3 mths t/o (HK\$ mn)	1.5
52w High/Low (HK\$)	73.25/37.50
Total Issued Shares (mn)	63.0

Source: FactSet

### Shareholding Structure

Asian Equity Special	10.0%
Opportunities	
Value Partners	9.5%

Source: HKEx

### Share Performance

	Absolute	Relative
1-mth	-9.9%	-4.8%
3-mth	1.8%	3.7%
6-mth	-27.5%	-24.2%

Source: FactSet

### 12-mth Price Performance

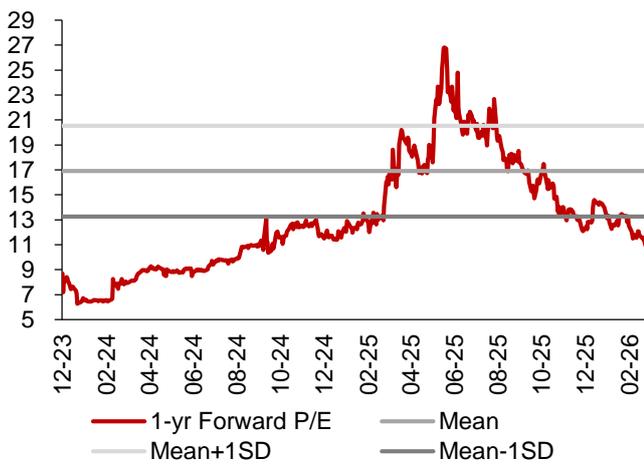


Source: FactSet

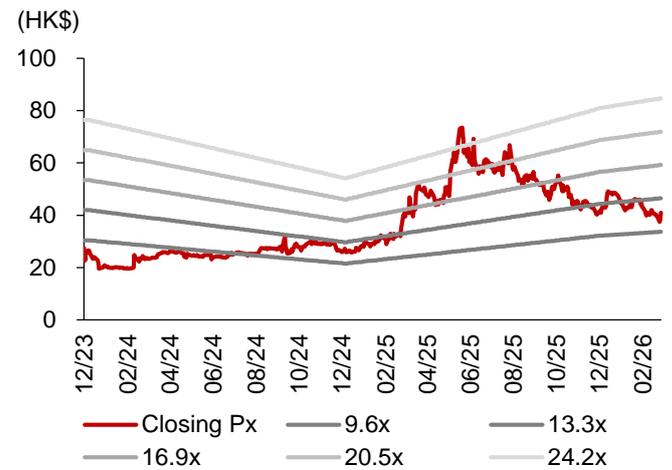
**Figure 1: Earnings revision**

RMBmn	New			Old			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	700	782	829	841	1,046	NA	-17%	-25%	NA
Gross profit	365	411	436	441	548	NA	-17%	-25%	NA
Net profit	186	222	243	255	318.9	NA	-27%	-30%	NA
EPS (RMB)	2.95	3.52	3.86	4.05	5.06	NA	-27%	-30%	NA
Gross margin	52.2%	52.6%	52.6%	52.4%	52.4%	NA	-0.2 ppt	0.2 ppt	NA
Net margin	26.5%	28.4%	29.3%	30.3%	30.5%	NA	-3.8 ppt	-2.1 ppt	NA

Source: Company data, CMBIGM estimates

**Figure 2: Forward 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)						
<b>Revenue</b>	<b>464</b>	<b>579</b>	<b>584</b>	<b>700</b>	<b>782</b>	<b>829</b>
Cost of goods sold	(207)	(272)	(282)	(335)	(370)	(392)
<b>Gross profit</b>	<b>257</b>	<b>307</b>	<b>302</b>	<b>365</b>	<b>411</b>	<b>436</b>
<b>Operating expenses</b>	<b>(144)</b>	<b>(133)</b>	<b>(171)</b>	<b>(171)</b>	<b>(180)</b>	<b>(184)</b>
Admin expense	(26)	(32)	(27)	(28)	(30)	(30)
R&D expense	(119)	(129)	(147)	(159)	(172)	(180)
Others	2	28	4	16	21	26
<b>Operating profit</b>	<b>113</b>	<b>174</b>	<b>131</b>	<b>194</b>	<b>231</b>	<b>253</b>
Interest expense	(4)	(8)	(9)	(8)	(9)	(10)
Other income/expense	0	0	0	0	0	0
<b>Pre-tax profit</b>	<b>109</b>	<b>166</b>	<b>122</b>	<b>186</b>	<b>222</b>	<b>243</b>
Income tax	0	1	0	0	0	0
<b>After tax profit</b>	<b>109</b>	<b>167</b>	<b>122</b>	<b>186</b>	<b>222</b>	<b>243</b>
Minority interest	0	0	0	0	0	0
<b>Net profit</b>	<b>109</b>	<b>167</b>	<b>122</b>	<b>186</b>	<b>222</b>	<b>243</b>

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
<b>Current assets</b>	<b>1,166</b>	<b>1,451</b>	<b>1,587</b>	<b>1,695</b>	<b>2,024</b>	<b>2,179</b>
Cash & equivalents	551	636	547	640	1,049	1,094
Account receivables	69	52	53	51	52	57
Inventories	218	315	467	431	279	345
Prepayment	261	396	467	517	578	612
Other current assets	67	52	53	56	67	71
<b>Non-current assets</b>	<b>105</b>	<b>158</b>	<b>254</b>	<b>263</b>	<b>297</b>	<b>311</b>
PP&E	62	62	58	56	53	50
Right-of-use assets	7	4	5	5	5	4
Intangibles	0	1	1	0	0	0
Other non-current assets	35	91	190	202	240	257
<b>Total assets</b>	<b>1,271</b>	<b>1,609</b>	<b>1,841</b>	<b>1,958</b>	<b>2,322</b>	<b>2,490</b>
<b>Current liabilities</b>	<b>427</b>	<b>602</b>	<b>554</b>	<b>486</b>	<b>626</b>	<b>552</b>
Short-term borrowings	172	320	237	276	283	309
Account payables	249	278	316	207	341	240
Lease liabilities	7	4	2	3	3	4
Other non-current liabilities	6	2	4	3	5	5
<b>Total liabilities</b>	<b>433</b>	<b>604</b>	<b>558</b>	<b>489</b>	<b>631</b>	<b>557</b>
Share capital	60	60	63	63	63	63
Other reserves	778	945	1,220	1,406	1,628	1,871
<b>Total shareholders equity</b>	<b>838</b>	<b>1,005</b>	<b>1,283</b>	<b>1,469</b>	<b>1,691</b>	<b>1,934</b>
Minority interest	0	0	0	0	0	0
<b>Total equity and liabilities</b>	<b>1,271</b>	<b>1,609</b>	<b>1,841</b>	<b>1,958</b>	<b>2,322</b>	<b>2,490</b>

<b>CASH FLOW</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
Profit before taxation	109	166	122	186	222	243
Depreciation & amortization	6	8	9	10	11	12
Change in working capital	(52)	(177)	(186)	(121)	225	(207)
Others	(33)	16	47	(7)	(39)	(13)
<b>Net cash from operations</b>	<b>30</b>	<b>14</b>	<b>(8)</b>	<b>68</b>	<b>419</b>	<b>36</b>
<b>Investing</b>						
Capital expenditure	(44)	(34)	(6)	(7)	(8)	(8)
Net proceeds from disposal of short-term investments	30	0	0	0	0	0
Others	(28)	(30)	(86)	0	0	0
<b>Net cash from investing</b>	<b>(42)</b>	<b>(64)</b>	<b>(92)</b>	<b>(7)</b>	<b>(7)</b>	<b>(8)</b>
<b>Financing</b>						
<b>Net cash from financing</b>	<b>401</b>	<b>128</b>	<b>24</b>	<b>32</b>	<b>(2)</b>	<b>17</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	163	551	636	547	640	1,049
Exchange difference	(1)	8	(14)	0	0	0
Others	389	77	(75)	93	409	45
<b>Cash at the end of the year</b>	<b>551</b>	<b>636</b>	<b>547</b>	<b>640</b>	<b>1,049</b>	<b>1,094</b>
<b>GROWTH</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec</b>						
Revenue	31.6%	24.8%	0.9%	19.8%	11.7%	6.0%
Gross profit	29.0%	19.4%	(1.5%)	20.9%	12.6%	6.0%
Operating profit	15.2%	53.4%	(24.7%)	48.2%	19.0%	9.3%
Net profit	14.6%	52.6%	(26.8%)	52.3%	19.5%	9.4%
<b>PROFITABILITY</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec</b>						
Gross profit margin	55.4%	53.0%	51.7%	52.2%	52.6%	52.6%
Operating margin	24.5%	30.1%	22.4%	27.7%	29.6%	30.5%
Return on equity (ROE)	17.7%	18.1%	10.7%	13.5%	14.1%	13.4%
<b>GEARING/LIQUIDITY/ACTIVITIES</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec</b>						
Current ratio (x)	2.7	2.4	2.9	3.5	3.2	3.9
<b>VALUATION</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec</b>						
P/E	14.9	13.0	18.4	12.3	10.3	9.4

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.