

BYDE (285 HK)

3Q24 in-line; Eyes on Jabil/NEV/AI server ramp-up

BYDE's 3Q24 revenue/NP growth of 21%/1% YoY was largely in-line, while GPM improved 1.7ppts QoQ to 8.5%, slightly ahead of expectations, given higher UTR in iPhone casing, stable Android demand and NEV growth. For 4Q24, we expect stronger revenue/NP growth driven by iPhone/iPad seasonality, Huawei/Xiaomi flagship model launches and AI server biz ramp-up. Looking into 2025, we remain positive on iPhone AI cycle, stable Android flagship demand, high-end NEV products and AI server momentum. Trading at 11.4x FY25E P/E, we believe the stock is attractive given robust earnings CAGR of 31% in 2024-26E and accelerated business diversification. Our new SOTP-based TP is HK\$44.41 (rollover to FY25E), implying 15.0x FY25E P/E. Upcoming catalysts include Honor/Huawei/Xiaomi shipment, and NEV/AI server products mass production.

■ **3Q24 GPM above; backed-loaded 4Q24 on Apple seasonality and Android high-end demand.** BYDE reported in-line 3Q24 revenue/NP growth of 21%/1% YoY and GPM came in at 8.5% (+1.7ppts QoQ), slightly above expectations, backed by better UTR of Jabil biz, Android flagship restocking and NEV momentum. Looking into 4Q24E, mgmt. expected 1) Apple biz ramp-up due to seasonality and better UTR/operating efficiency, 2) Android new flagship model launches, 3) NEV's QoQ growth driven by Parentco orders and mass production of high-end active suspension products, 4) strong AI server product roadmap and mass production of GB200/H20 products to kick off in Dec. Overall, we expect 4Q24 revenue/NP to grow 32%/37% YoY to RMB49.8bn/1.37bn.

■ **2025 Outlook: iPhone AI cycle, Android flagship demand, high-end NEV products and AI server growth.** Looking into 2025, for smartphone biz, we are positive on iPhone AI cycle, high-end Android demand and Jabil biz's improving efficiency. For NEV, mgmt. expected rising penetration of active suspension products in high-end models and NEV GPM will remain at a high level. For AI servers, mgmt. reiterated that major products across server, rack system and high-speed connectivity will start to contribute meaningful sales and expected sales to double in 2025 given its strong R&D partnership with Nvidia after GB200/H20 product qualifications in 4Q24E.

■ **Reiterate BUY.** We slightly revised FY24-26 EPS forecasts to reflect better Apple business offsetting slower storage sales. Our new SOTP-based TP of HK\$44.41 (rollover to FY25E) implies 15.0x FY25E P/E. We reiterate BUY given robust earnings CAGR of 31% in 2024-26E and business diversification. Catalysts include Honor/Huawei models and NEV/AI server products.

Earnings Summary

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	107,186	129,957	171,961	196,265	215,397
YoY growth (%)	20.4	21.2	32.3	14.1	9.7
Net profit (RMB mn)	1,857.6	4,041.4	4,428.1	6,070.2	7,567.4
YoY growth (%)	(19.6)	117.6	9.6	37.1	24.7
EPS (Reported) (RMB)	0.82	1.79	1.97	2.69	3.36
Consensus EPS (RMB)	0.00	1.79	2.02	2.67	3.15
P/E (x)	37.2	17.1	15.6	11.4	9.1
P/B (x)	2.7	2.4	3.8	3.1	2.5
Yield (%)	0.5	1.8	1.9	2.6	3.3
ROE (%)	7.5	14.7	18.6	29.7	30.0
Net gearing (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$44.41
(Previous TP)	HK\$40.89
Up/Downside	32.6%
Current Price	HK\$33.50

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Stock Data

Mkt Cap (HK\$ mn)	75,482.4
Avg 3 mths t/o (HK\$ mn)	399.4
52w High/Low (HK\$)	40.00/23.60
Total Issued Shares (mn)	2253.2

Source: FactSet

Shareholding Structure

Golden Link Worldwide Ltd	65.8%
Gold Dragonfly Ltd	5.0%

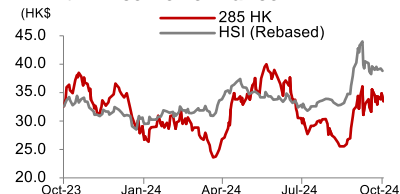
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	2.9%	7.1%
3-mth	10.2%	-5.9%
6-mth	25.9%	10.1%

Source: FactSet

12-mth Price Performance



Source: FactSet

Related reports:

1) Positive on multiple growth drivers ahead despite near-term drags from Jabil integration – 30 Aug 2024 ([link](#))

2) 1H24E preview: Expect solid growth on iPad/ iPhone cycle, Android recovery and NEV orders – 29 Jul 2024 ([link](#))

3) CMBI Corp Day takeaways: iPad/iPhone cycle, NEV, AI servers and robotics – 2 Jul 2024 ([link](#))

3Q24 Results review

Figure 1: 3Q24 results review

RMB mn	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	YoY	QoQ
Revenue	26,375	29,805	35,964	37,813	36,480	42,100	43,546	21%	3%
Gross profit	2,030	2,379	3,494	2,532	2,509	2,870	3,683	5%	28%
Net profit	459	1057	1528	998	610	907	1,546	1%	70%
EPS (RMB)	0.20	0.47	0.68	0.44	0.27	0.40	0.69	1%	70%
Gross margin	7.7%	8.0%	9.7%	6.7%	6.9%	6.8%	8.5%	-1.3 ppt	1.6 ppt
Net margin	1.7%	3.5%	4.2%	2.6%	1.7%	2.2%	3.5%	-0.7 ppt	1.3 ppt
Revenue (YoY)	26.0%	30.9%	31.0%	4.9%	38.3%	41.3%	21.1%		
Gross profit (YoY)	77.4%	101.0%	94.5%	13.7%	23.6%	20.7%	5.4%		
Net profit (YoY)	154.9%	132.9%	153.4%	60.7%	33.0%	-14.1%	1.1%		

Source: Company data, Bloomberg, CMBIGM estimates

Earnings Revision

Figure 2: Earnings revision

(RMB mn)	New			Old			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	171,961	196,265	215,397	171,675	190,266	208,631	0.2%	3.2%	3.2%
Gross profit	12,942	16,289	19,005	12,924	15,776	18,615	0.1%	3.2%	2.1%
Operating profit	4,204	6,083	7,804	4,124	6,263	8,184	1.9%	-2.9%	-4.6%
Net profit	4,428	6,070	7,567	4,358	6,227	7,898	1.6%	-2.5%	-4.2%
EPS (RMB)	1.97	2.69	3.36	1.93	2.76	3.51	1.6%	-2.5%	-4.2%
Gross margin	7.5%	8.3%	8.8%	7.5%	8.3%	8.9%	0 ppt	0 ppt	-0.1 ppt
Operating margin	2.4%	3.1%	3.6%	2.4%	3.3%	3.9%	0 ppt	-0.2 ppt	-0.3 ppt
Net Margin	2.6%	3.1%	3.5%	2.5%	3.3%	3.8%	0 ppt	-0.2 ppt	-0.3 ppt

Source: Company data, CMBIGM estimates

Figure 3: CMBI estimates vs consensus

(RMB mn)	CMBI			Consensus			Diff (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	171,961	196,265	215,397	173,596	190,806	206,279	-0.9%	2.9%	4.4%
Gross profit	12,942	16,289	19,005	13,444	15,945	17,616	-3.7%	2.2%	7.9%
Operating profit	4,204	6,083	7,804	4,567	6,221	7,473	-8.0%	-2.2%	4.4%
Net profit	4,428	6,070	7,567	4,535	5,978	7,103	-2.4%	1.5%	6.5%
EPS (RMB)	1.97	2.69	3.36	2.02	2.67	3.15	-2.7%	0.9%	6.5%
Gross margin	7.5%	8.3%	8.8%	7.7%	8.4%	8.5%	-0.2 ppt	-0.1 ppt	0.3 ppt
Operating margin	2.4%	3.1%	3.6%	2.6%	3.3%	3.6%	-0.2 ppt	-0.2 ppt	0 ppt
Net Margin	2.6%	3.1%	3.5%	2.6%	3.1%	3.4%	0 ppt	0 ppt	0.1 ppt

Source: Bloomberg, CMBIGM estimates

Earnings Forecasts

Figure 4: Revenue breakdown

(RMB mn)	FY23	1H24	2H24E	FY24E	FY25E	FY26E
Assembly	83,783	48,057	52,981	101,038	107,060	108,760
... YoY	23%	33.3%	11.0%	21%	6%	2%
Component (metal/glass/plastic)	13,637	15,246	20,827	36,073	39,638	44,005
... YoY	-4%	205.8%	140.7%	165%	10%	11%
Metal	6,208	2,706	2,706	5,412	5,571	5,662
Plastic	2,803	1,132	1,755	2,887	3,232	3,555
Glass/ceramic	5,143	1,148	4,190	5,338	8,100	8,910
Jabil component	-	7,668	11,502	19,170	21,511	24,524
New intelligent	18,441	7,521	8,026	15,547	22,543	24,797
... YoY	21%	-16.4%	-15.0%	-16%	45%	10%
AI server	-	-	1,000	1,000	6,000	10,000
E-cigarette	2,062	473	1,693	2,165	2,273	2,387
Household energy storage	2,775	444	1,776	2,220	2,442	2,686
Other new intelligent products	13,604	6,605	3,557	10,162	11,827	9,724
Auto intelligent	14,096	7,757	11,546	19,303	27,025	37,835
... YoY	52%	26%	45%	37%	40%	40%
Total	129,957	78,581	93,380	171,961	196,265	215,397
... YoY	21%	40%	27%	32%	14%	10%

Source: Company data, CMBIGM estimates

Figure 5: P&L forecast

(RMB mn)	FY23	1H24	2H24E	FY24E	FY25E	FY26E
Revenue	129,957	78,581	93,380	171,961	196,265	215,397
... YoY	21.2%	39.9%	26.6%	32.3%	14.1%	9.7%
Cost of sales	(119,523)	(73,202)	(85,817)	(159,019)	(179,976)	(196,392)
Gross profit	10,434	5,379	7,562	12,942	16,289	19,005
GPM (%)	8.0%	6.8%	8.1%	7.5%	8.3%	8.8%
... YoY	64.3%	22.0%	25.5%	24.0%	25.9%	16.7%
SG&A	(2,007)	(1,698)	(1,858)	(3,557)	(4,122)	(4,523)
... % of rev	2%	2%	2%	2%	2%	2%
R&D	(4,722)	(2,473)	(2,708)	(5,181)	(6,084)	(6,677)
... % of rev	4%	3%	3%	3%	3%	3%
Operating profit	3,705	1,208	2,996	4,204	6,083	7,804
OPM (%)	3%	2%	3%	2%	3%	4%
... YoY	506%	17%	12%	13%	45%	28%
Net profit	4,041	1,518	2,910	4,428	6,070	7,567
NPM (%)	3.1%	1.9%	3.1%	2.6%	3.1%	3.5%
... YoY	118%	0.1%	15%	10%	37%	25%

Source: Company data, CMBIGM estimates

Valuation

Maintain BUY with new SOTP-based TP of HK\$44.41

We maintain BUY and derive our TP based on SOTP valuation to reflect BYDE's business diversification with different growth profiles and visibility.

Our new TP of HK\$44.41 implies 15.0x 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, in line with TW/HK-listed peers, given Android's business margin recovery and Apple's business expansion. We assign 15x for new intelligent and NEV segments to reflect their growth potential and higher earnings visibility.

Figure 6: BYDE – SOTP valuation

Business segment	% of FY25E Profit	FY25E EPS (RMB)	Target P/E
Assembly	16%	0.44	15x
Components	18%	0.48	15x
Jabil Components	18%	0.48	15x
New Intelligent	19%	0.51	15x
Auto intelligent	29%	0.78	15x
Others	0%	0	10x
Total (RMB) /Implied P/E		2.69	15.0x
TP (HK\$)			44.41

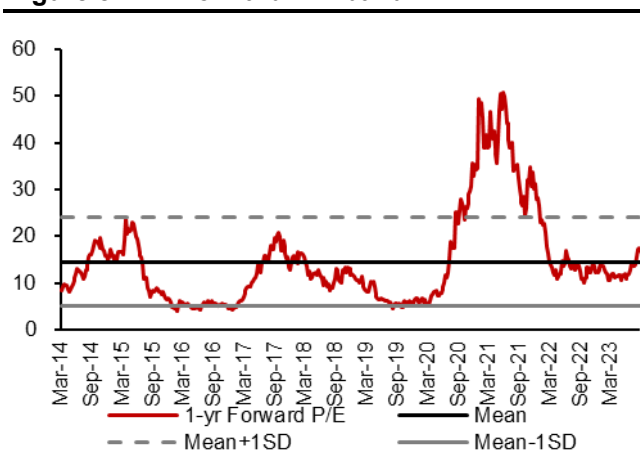
Source: Company data, CMBIGM estimates

Figure 7: Peers' valuation

Company	Ticker	Rating	Market Cap (US\$ mn)	Price (LC)	TP (LC)	Up/Down -side	P/E (x) FY24E	P/E (x) FY25E	P/B (x) FY24E	P/B (x) FY25E	ROE (%) FY24E	ROE (%) FY25E
BYDE	285 HK	BUY	9,711	33.50	44.4	33%	15.6	11.4	3.8	3.1	18.6	29.7
Tongda	698 HK	BUY	118	0.09	0.12	30%	31.3	4.7	0.1	0.1	0.4	2.7
AAC Tech	2018 HK	BUY	4,849	31.45	37.8	20%	20.0	16.0	1.4	1.3	7.0	8.2
TK Group	2283 HK	BUY	185	1.77	2.8	59%	5.2	4.1	0.8	0.7	15.2	17.4
Everwin	300115 CH	NR	3,411	17.95	NA	NA	32.5	27.7	2.3	2.1	10.7	11.4
Lens Tech	300433 CH	NR	15,788	22.55	NA	NA	27.9	21.1	2.3	2.1	8.3	10.2
FII	601138 CH	NR	67,692	24.25	NA	NA	18.8	15.1	3.1	2.7	16.6	18.6
Foxconn	2354 TT	NR	3,565	80.60	NA	NA	27.1	27.2	0.7	0.7	4.0	3.9
Catcher	2474 TT	NR	5,021	236.00	NA	NA	11.7	14.9	1.0	1.0	8.2	6.4
Average							21.1	15.8	1.7	1.5	10.5	11.7

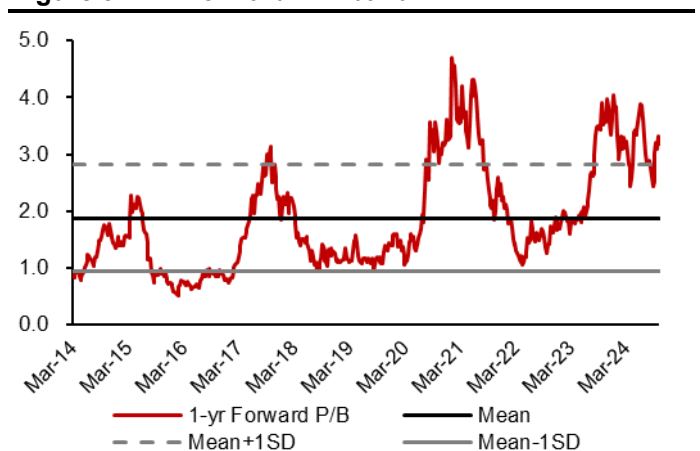
Source: Bloomberg, CMBIGM estimates

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	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Revenue	89,057	107,186	129,957	171,961	196,265	215,397
Cost of goods sold	(83,028)	(100,836)	(119,523)	(159,019)	(179,976)	(196,392)
Gross profit	6,029	6,350	10,434	12,942	16,289	19,005
Selling expense	(275)	(535)	(720)	(1,930)	(2,257)	(2,477)
Admin expense	(1,041)	(1,235)	(1,288)	(1,627)	(1,865)	(2,046)
R&D expense	(3,308)	(3,969)	(4,722)	(5,181)	(6,084)	(6,677)
Operating profit	1,405	611	3,705	4,204	6,083	7,804
Other income/expense	1,104	1,386	1,165	1,202	1,202	1,202
Pre-tax profit	2,465	1,939	4,681	4,943	6,977	8,698
Income tax	(155)	(81)	(640)	(515)	(907)	(1,131)
Minority interest	0	0	0	0	0	0
Net profit	2,310	1,858	4,041	4,428	6,070	7,567
Adjusted net profit	2,310	1,858	4,041	4,428	6,070	7,567

BALANCE SHEET	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Current assets	27,630	40,488	54,607	45,111	62,935	51,917
Cash & equivalents	2,825	6,244	10,537	10,000	8,765	8,876
Account receivables	9,240	10,471	23,011	11,381	27,872	15,207
Inventories	10,567	17,046	18,541	21,213	23,781	25,317
ST bank deposits	0	0	0	0	0	0
Other current assets	4,998	6,727	2,517	2,517	2,517	2,517
Non-current assets	12,314	15,006	29,647	41,242	44,717	48,325
PP&E	11,182	12,941	19,709	18,859	22,682	26,651
Deferred income tax	201	481	620	620	620	620
Other non-current assets	931	1,583	9,318	21,763	21,415	21,054
Total assets	41,175	56,994	87,219	90,477	112,124	105,075
Current liabilities	16,220	30,143	54,751	59,201	76,599	64,252
Short-term borrowings	0	0	0	0	0	0
Account payables	11,724	22,002	29,939	18,990	36,387	24,041
Tax payable	184	363	607	607	607	607
Other current liabilities	4,312	7,777	24,204	39,604	39,604	39,604
Non-current liabilities	928	1,216	3,138	3,138	3,138	3,138
Deferred income	150	231	290	290	290	290
Other non-current liabilities	404	395	1,206	1,206	1,206	1,206
Total liabilities	17,148	31,359	57,888	62,339	79,737	67,390
Share capital	4,052	4,052	4,052	4,052	4,052	4,052
Other reserves	19,975	21,583	25,278	14,279	18,528	23,826
Total shareholders equity	24,027	25,635	29,330	18,331	22,580	27,878
Minority interest	0	0	0	0	0	0
Total equity and liabilities	41,175	56,994	87,219	80,670	102,317	95,268

CASH FLOW	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	2,465	1,939	4,681	4,943	6,977	8,698
Depreciation & amortization	1,717	1,987	2,315	2,748	3,243	3,786
Change in working capital	(2,228)	2,568	(6,098)	(1,991)	(1,661)	(1,218)
Others	(187)	(124)	(346)	(51)	(599)	(823)
Net cash from operations	1,768	6,370	552	5,649	7,960	10,443
Investing						
Capital expenditure	(3,206)	(3,859)	(4,678)	(6,191)	(7,066)	(7,754)
Others	0	0	0	(13,605)	0	0
Net cash from investing	(3,206)	(3,859)	(4,678)	(19,795)	(7,066)	(7,754)
Financing						
Dividend paid	(232)	(372)	(1,212)	(1,328)	(1,821)	(2,270)
Others	(43)	(59)	(189)	14,937	(308)	(308)
Net cash from financing	(275)	(430)	(1,401)	13,608	(2,129)	(2,578)
Net change in cash						
Cash at the beginning of the year	3,466	2,825	6,244	10,537	10,000	8,765
Exchange difference	1,072	1,337	9,821	0	0	0
Cash at the end of the year	2,825	6,244	10,537	10,000	8,765	8,876
GROWTH	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Revenue	21.8%	20.4%	21.2%	32.3%	14.1%	9.7%
Gross profit	(37.4%)	5.3%	64.3%	24.0%	25.9%	16.7%
Operating profit	(75.8%)	(56.5%)	506.5%	13.5%	44.7%	28.3%
Net profit	(57.5%)	(19.6%)	117.6%	9.6%	37.1%	24.7%
Adj. net profit	(57.5%)	(19.6%)	117.6%	9.6%	37.1%	24.7%
PROFITABILITY	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Gross profit margin	6.8%	5.9%	8.0%	7.5%	8.3%	8.8%
Operating margin	1.6%	0.6%	2.9%	2.4%	3.1%	3.6%
Adj. net profit margin	2.6%	1.7%	3.1%	2.6%	3.1%	3.5%
Return on equity (ROE)	10.0%	7.5%	14.7%	18.6%	29.7%	30.0%
GEARING/LIQUIDITY/ACTIVITIES	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Net debt to equity (x)	0.0	0.0	0.0	0.0	0.0	0.0
Current ratio (x)	1.7	1.3	1.0	0.8	0.8	0.8
Receivable turnover days	48.4	33.6	33.5	36.5	36.5	36.5
Inventory turnover days	38.4	50.0	50.0	45.6	45.6	45.6
Payable turnover days	43.7	61.0	60.8	56.2	56.2	56.2
VALUATION	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
P/E	29.9	37.2	17.1	15.6	11.4	9.1
P/B	2.9	2.7	2.4	3.8	3.1	2.5
Div yield (%)	0.3	0.5	1.8	1.9	2.6	3.3
EV	24,027.1	25,635.1	29,330.4	18,330.8	22,580.3	27,877.8
EV/Sales	0.3	0.2	0.2	0.1	0.1	0.1

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

Disclosures & Disclaimers

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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

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