

BYDE (285 HK)

FY24E Preview: Riding on leading customers' growth momentum; Reiterate BUY

BYDE will report FY24E results in March. We estimate FY24E revenue/NP growth of 36%/13% YoY and 4Q24E revenue/NP growth of 46%/49% YoY, driven by share gains in iPad/iPhone, Android recovery, Jabil consolidation, strong NEV sales backed by BYD and emerging AI server business. Looking into FY25/26E, we revised up FY25-26E EPS estimates by 6-7% to reflect Jabil's enhanced efficiency, iPad new order wins, China national smartphone subsidy, fast-growing high-end ADAS and NEV products (thermal, suspension system), and AI server OEM/components ramp-up. We raise our SOTP-based TP to HK\$48.66, implying 15.5x FY25E P/E. Trading at 13.9x/11.0x FY25/26E P/E, we believe the stock is attractive, compared to 42%/26% EPS growth in FY25/26E. Reiterate BUY.

- **4Q24E preview: expect a strong quarter on iPad/iPhone and NEV sales.** For 4Q24E, we expect strong earnings growth of 49% YoY (vs +1%/-14% YoY in 3Q/2Q24), backed by 46% YoY sales growth, improving GPM on better product mix and enhanced efficiency of Jabil's integration. In particular, we believe 4Q sales growth was driven by iPad/iPhone product cycle and NEV product ramp-up (esp. thermal, suspension system). Despite softer new intelligent biz in 4Q, we expect AI server biz to offset weakness in household energy storage. Overall, we expect revenue/net profit to deliver 36%/13% YoY growth in FY24E.
- **2025 outlook: strong product roadmap in iPad/iPhone, NEV and AI server products.** Looking into 2025, we are positive on BYDE's leading customers' order pipeline: **1) Apple:** share gains in iPhone's components, order in new iPad models, Jabil's enhanced efficiency; **2) Android:** stable growth backed by China national smartphone subsidy; **3) Auto:** strong product offerings to BYD, such as suspension, thermal management and high-end ADAS following BYD's CNOA launch on 24 Dec; **4) AI server:** ramp-up of OEM and component business (liquid cooling, power, CDU); **5) Robotics:** Nvidia-backed AMRs for factory automation.
- **Raise TP to HK\$48.66; Reiterate BUY.** We remain positive on BYD's share gains in iPad/iPhone, stable Android demand, China national smartphone subsidy, ADAS/NEV products and AI server pipeline in 2025/26E. We revised up our FY25-26E EPS estimates by 6-7% to factor in Jabil's enhanced efficiency and multiple growth drivers in FY25-26E. Trading at 13.9x/11.0x FY25/26E, we believe the stock is attractive. Our new SOTP-based TP of HK\$48.66 implies 15.5x FY25E P/E. BUY.

Earnings Summary

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	107,186	129,957	177,233	203,533	229,412
YoY growth (%)	20.4	21.2	36.4	14.8	12.7
Net profit (RMB mn)	1,857.6	4,041.4	4,549.9	6,436.3	8,100.3
YoY growth (%)	(19.6)	117.6	12.6	41.5	25.9
EPS (Reported) (RMB)	0.82	1.79	2.02	2.86	3.60
Consensus EPS (RMB)	na	na	2.11	2.82	3.53
P/E (x)	48.1	22.1	19.6	13.9	11.0
P/B (x)	3.5	3.0	2.7	2.4	2.1
Yield (%)	0.4	1.4	1.5	2.2	2.7
ROE (%)	7.5	14.7	14.7	18.5	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\$48.66**
 (Previous TP **HK\$44.41**)
Up/Downside **14.1%**
Current Price **HK\$42.65**

China Technology

Alex NG

(852) 3900 0881
 alexng@cmbi.com.hk

Hanqing LI

lihanqing@cmbi.com.hk

Stock Data

Mkt Cap (HK\$ mn)	96,099.2
Avg 3 mths t/o (HK\$ mn)	579.4
52w High/Low (HK\$)	43.35/23.60
Total Issued Shares (mn)	2253.2

Source: FactSet

Shareholding Structure

Golden Link Worldwide Ltd	65.8%
Gold Dragonfly Ltd	5.0%

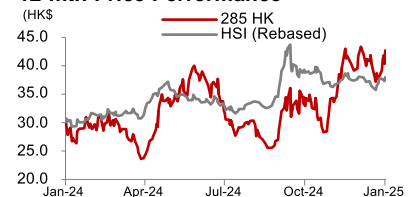
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	2.2%	2.3%
3-mth	29.4%	32.2%
6-mth	35.0%	16.4%

Source: FactSet

12-mth Price Performance



Source: FactSet

Related reports:

- 1) NDR takeaways: Apple, NEV products and AI server are key growth drivers in 2025 – 26 Nov 2024 ([link](#))
- 2) 3Q24 in-line; Eyes on Jabil/NEV/AI server ramp-up – 1 Nov 2024 ([link](#))
- 3) Positive on multiple growth drivers ahead despite near-term drags from Jabil integration – 30 Aug 2024 ([link](#))
- 4) 1H24E preview: Expect solid growth on iPad/ iPhone cycle, Android recovery and NEV orders – 29 Jul 2024 ([link](#))

Earnings Forecasts

Figure 1: Revenue breakdown

(RMB mn)	FY23	1H24	2H24E	FY24E	FY25E	FY26E
Assembly	83,783	48,057	57,120	105,177	109,820	115,660
... YoY	23%	33.3%	19.7%	26%	4%	5%
Component (metal/glass/plastic)	13,637	15,246	20,827	36,073	39,476	43,658
... YoY	-4%	205.8%	140.7%	165%	9%	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	3,394
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	9,159	16,680	23,352	26,854
... YoY	21%	-16.4%	-3.0%	-10%	40%	15%
AI server	-	-	800	800	5,000	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	4,890	11,495	13,636	11,781
Auto intelligent	14,096	7,757	11,546	19,303	30,885	43,240
... YoY	52%	26%	45%	37%	60%	40%
Total	129,957	78,581	98,652	177,233	203,533	229,412
... YoY	21%	40%	34%	36%	15%	13%

Source: Company data, CMBIGM estimates

Figure 2: P&L forecast

(RMB mn)	FY23	1H24	2H24E	FY24E	FY25E	FY26E
Revenue	129,957	78,581	98,652	177,233	203,533	229,412
... YoY	21.2%	39.9%	33.7%	36.4%	14.8%	12.7%
Cost of sales	(119,523)	(73,202)	(90,792)	(163,994)	(186,547)	(209,181)
Gross profit	10,434	5,379	7,860	13,239	16,986	20,231
GPM (%)	8.0%	6.8%	8.0%	7.5%	8.3%	8.8%
SG&A	(2,007)	(1,698)	(1,865)	(3,563)	(4,172)	(4,703)
... % of rev	2%	2%	2%	2%	2%	2%
R&D	(4,722)	(2,473)	(2,861)	(5,334)	(6,310)	(7,112)
... % of rev	4%	3%	3%	3%	3%	3%
Operating profit	3,705	1,208	3,135	4,342	6,504	8,417
OPM (%)	3%	2%	3%	2%	3%	4%
... YoY	506%	17%	17%	17%	50%	29%
Net profit	4,041	1,518	3,032	4,550	6,436	8,100
NPM (%)	3.1%	1.9%	3.1%	2.6%	3.2%	3.5%
... YoY	118%	0.1%	20%	13%	41%	26%

Source: Company data, CMBIGM estimates

Valuation

Maintain BUY with new SOTP-based TP of HK\$48.66

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

Our SOTP-based TP of HK\$48.66 implies 15.5x 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 adjust target multiple to 16x for new intelligent and NEV segments to reflect their growth potential and higher earnings visibility.

Figure 3: BYDE – SOTP valuation

Business segment	% of FY25E Profit	FY25E EPS (RMB)	Target P/E
Assembly	16%	0.46	15x
Components	16%	0.46	15x
Jabil Components	17%	0.49	15x
New Intelligent	19%	0.54	16x
Auto intelligent	31%	0.89	16x
Others	0%	0	-
Total (RMB) /Implied P/E		2.86	15.5x
TP (HK\$)			48.66

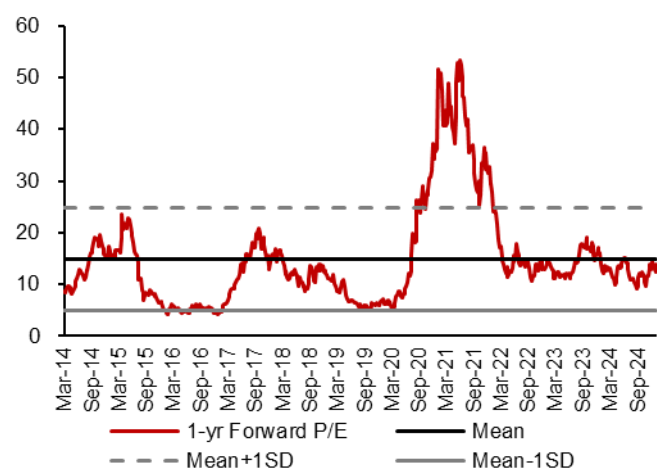
Source: Company data, CMBIGM estimates

Figure 4: 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	12,337	42.65	48.66	14%	19.8	14.0	2.8	2.4	14.7	18.5
Tongda	698 HK	BUY	100	0.08	0.12	53%	26.7	4.0	0.1	0.1	0.4	2.7
AAC Tech	2018 HK	BUY	6,117	39.95	40.8	2%	23.9	18.9	1.8	1.7	7.4	8.8
TK Group	2283 HK	BUY	206	1.93	2.8	46%	5.7	4.5	0.9	0.8	15.2	17.4
Everwin	300115 CH	NR	3,647	19.49	NA	NA	36.2	30.2	2.3	2.0	10.6	13.1
Lens Tech	300433 CH	NR	18,232	26.51	NA	NA	32.4	23.5	2.7	2.5	8.4	10.7
FII	601138 CH	NR	64,032	23.35	NA	NA	19.2	14.6	3.0	2.7	16.1	18.7
Foxconn	2354 TT	NR	3,385	78.20	NA	NA	27.1	19.1	0.7	0.7	3.8	5.3
Catcher	2474 TT	NR	4,143	199.00	NA	NA	10.9	13.0	0.9	0.9	7.7	6.2
Average							22.4	15.8	1.7	1.5	9.3	11.0

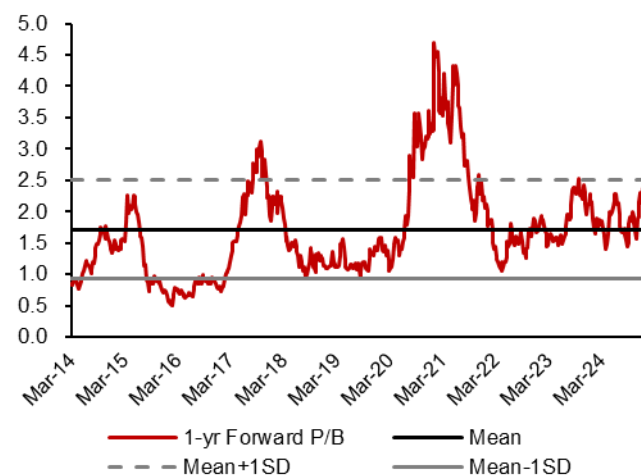
Source: Bloomberg, CMBIGM estimates

Figure 5: 12M forward P/E band



Source: Bloomberg, CMBIGM estimates

Figure 6: 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	177,233	203,533	229,412
Cost of goods sold	(83,028)	(100,836)	(119,523)	(163,994)	(186,547)	(209,181)
Gross profit	6,029	6,350	10,434	13,239	16,986	20,231
Selling expense	(275)	(535)	(720)	(1,889)	(2,239)	(2,524)
Admin expense	(1,041)	(1,235)	(1,288)	(1,673)	(1,934)	(2,179)
SG&A expense	(275)	(535)	(720)	(1,889)	(2,239)	(2,524)
R&D expense	(3,308)	(3,969)	(4,722)	(5,334)	(6,310)	(7,112)
Operating profit	1,405	611	3,705	4,342	6,504	8,417
Other income/expense	657	1,509	1,284	1,076	1,076	1,076
Pre-tax profit	2,465	1,939	4,681	5,081	7,398	9,311
Income tax	(155)	(81)	(640)	(531)	(962)	(1,210)
Minority interest	0	0	0	0	0	0
Net profit	2,310	1,858	4,041	4,550	6,436	8,100
Adjusted net profit	2,310	1,858	4,041	4,550	6,436	8,100

BALANCE SHEET	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Current assets	27,630	40,488	54,607	60,622	77,896	70,221
Cash & equivalents	2,825	6,244	10,537	23,213	22,927	21,978
Account receivables	9,240	10,471	23,011	12,435	28,271	17,611
Inventories	10,567	17,046	18,541	22,457	24,180	28,115
ST bank deposits	351	21	9	9	9	9
Other current assets	4,646	6,706	2,508	2,508	2,508	2,508
Non-current assets	13,545	16,506	32,612	35,763	39,354	43,304
PP&E	11,182	12,941	19,709	22,860	26,451	30,402
Deferred income tax	201	481	620	620	620	620
Other non-current assets	2,162	3,084	12,282	12,282	12,282	12,282
Total assets	41,175	56,994	87,219	96,385	117,249	113,525
Current liabilities	16,220	30,143	54,751	60,732	77,090	67,696
Short-term borrowings	0	2,004	14,613	30,013	30,013	30,013
Account payables	11,724	22,002	29,939	20,520	36,879	27,485
Tax payable	184	363	607	607	607	607
Other current liabilities	4,312	5,773	9,591	9,591	9,591	9,591
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	778	986	2,847	2,847	2,847	2,847
Total liabilities	17,148	31,359	57,888	63,870	80,228	70,834
Share capital	4,052	4,052	4,052	4,052	4,052	4,052
Other reserves	19,975	21,583	25,278	28,463	32,969	38,640
Total shareholders equity	24,027	25,635	29,330	32,516	37,021	42,692
Minority interest	0	0	0	0	0	0
Total equity and liabilities	41,175	56,994	87,219	96,385	117,249	113,525

CASH FLOW	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	2,465	1,939	4,681	5,081	7,398	9,311
Depreciation & amortization	2,255	2,563	2,788	3,229	3,736	4,241,734
Change in working capital	(2,228)	2,568	(6,098)	(2,758)	(1,201)	(2,669)
Others	(230)	(182)	(534)	(531)	(962)	(1,210)
Net cash from operations	2,306	5,961	10,243	5,484	9,280	10,047
Investing						
Capital expenditure	(3,815)	(4,469)	(3,998)	(6,380)	(7,327)	(8,259)
Others	(3,811)	(4,272)	(17,731)	(6,374)	(7,320)	(8,251)
Net cash from investing	(3,815)	(4,276)	(17,735)	(6,380)	(7,327)	(8,259)
Financing						
Dividend paid	(232)	(372)	(1,212)	(1,365)	(1,931)	(2,430)
Others	(43)	2,133	13,035	14,937	(308)	(308)
Net cash from financing	(275)	1,761	11,823	13,572	(2,239)	(2,738)
Net change in cash						
Cash at the beginning of the year	3,466	2,825	6,244	10,537	23,213	22,927
Exchange difference	1,143	(27)	(37)	0	0	0
Cash at the end of the year	2,825	6,244	10,537	23,213	22,927	21,978
GROWTH	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Revenue	21.8%	20.4%	21.2%	36.4%	14.8%	12.7%
Gross profit	(37.4%)	5.3%	64.3%	26.9%	28.3%	19.1%
Operating profit	(75.8%)	(56.5%)	506.5%	17.2%	49.8%	29.4%
Net profit	(57.5%)	(19.6%)	117.6%	12.6%	41.5%	25.9%
Adj. net profit	(57.5%)	(19.6%)	117.6%	12.6%	41.5%	25.9%
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%	2.5%	3.2%	3.7%
Adj. net profit margin	2.6%	1.7%	3.1%	2.6%	3.2%	3.5%
Return on equity (ROE)	10.0%	7.5%	14.7%	14.7%	18.5%	20.3%
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	1.0	1.0	1.0
Receivable turnover days	48.4	33.6	47.0	36.5	36.5	36.5
Inventory turnover days	38.4	50.0	54.3	45.6	45.6	45.6
Payable turnover days	43.7	61.0	79.3	56.2	56.2	56.2
VALUATION	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
P/E	38.7	48.1	22.1	19.6	13.9	11.0
P/B	3.7	3.5	3.0	2.7	2.4	2.1
Div yield (%)	0.3	0.4	1.4	1.5	2.2	2.7
EV	24,027.1	25,635.1	29,330.4	32,515.5	37,021.2	42,691.8
EV/Sales	0.3	0.2	0.2	0.2	0.2	0.2

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

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CMB International Global Markets Limited

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

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