

1Q24 result in-line, AI exposure next to watch

Rating	BUY	Maintain
Target	HKD 41.35	
Current	HKD 27.10	Upside: +54.3%

1Q24 result in-line, earnings backend loaded

BYDE's 1Q24 result was largely in-line and on track to FY24E consensus, with revenue and net profit each grew 38.5%/33% to RMB36.5bn and RMB610mn respectively thanks to Jabil Singapore (Jabil) consolidation, while GM was largely flattish QoQ at 6.9%, despite a 0.8ppt drop Yoy due to energy storage drag and larger contribution from consumer electronics. Latest IDC data showed that in 1Q24, global smartphone shipment grew ~8% Yoy to 289mn units (the first back to back Yoy growth since 2Q21)

In 1Q24, BYDE's assembly/components/auto segment all achieved decent Yoy growth, while IoT segment was flattish Yoy. We still expect BYDE's GM would improve sequentially from 2Q24-4Q24 thanks to optimization of Jabil operation, consumer electronics (assembly+components) segment picks up driven by customers' new flagship smartphone rollout, and continued capacity reallocation to automotive segment would help utilization rate. Meanwhile, management expects interest expense to decline from 2Q24 due to conversion of USD loans to RMB, and amortization of other intangibles (RMB4.6bn) associated with Jabil deal would be ~RMB230mn/quarter (adopting 5-year straight line with zero residue)

Expect more project wins from US client after Jabil acquisition; Generative AI smartphone on the rise to drive replacement

BYDE has become US client's strategic partner, and after having acquired 100% in Jabil Singapore (involve Chengdu and Wuxi manufacturing sites) for US\$2.2bn, BYDE targets to engage in more flagship projects (both components and assembly), which would bring synergy and earnings to BYDE in the long run.

Facing industry headwinds, BYDE's assembly service revenue still managed to grow 23% Yoy in FY23, while components revenue was down by ~4% Yoy (vs. -26% Yoy in 1H23) to ~RMB13.7bn. The divergence was due to increasing market share from US client, resilient demand for Android flagships. US client revenue contribution rose from <10% in FY19 to ~48% in FY23, and management expects US client would contribute ~50% in FY24E/25E, given the faster growth of IoT and automotive segment

For Android, as demand gradually picks up in premium smartphone market, share gains in Android clients (Samsung and Google), and Huawei's return would provide ample support to smartphone market recovery. Together with BYDE's increased penetration and dollar content in US client's projects, these would benefit new production sites' (Zhongshan and Vietnam) utilization rate, hence segment margin to improve.

Generative artificial intelligence (AI) smartphones would begin to lead market trends starting from 2024, as smartphone manufacturers gradually incorporate generative AI functions into their devices. which including Samsung, Xiaomi and other Chinese OEMS, while Apple has been widely reported that they would disclose more about its plans to put generative AI to use later this year. In medium term, we believe increasing generative AI smartphone penetration would drive a new round of replacement cycle. According to Counterpoint Research, generative AI smartphones accounted for ~4% of total smartphone shipments (~47mn units) in 2023, and further increased to 8% in 2024. Counterpoint expects shipment volume would reach 522mn units (40% penetration rate) by 2027, which implies 83% CAGR in 2023-2027.

Company Update

3 May 2024

Hayman Chiu

hayman.chiu@cinda.com.hk
(852) 2235 7677

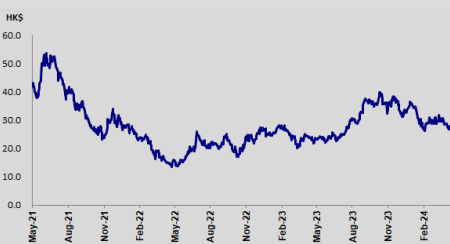
Trading data

52-Week Range (HK\$)	40.40/21.90
3 Mth Avg Daily Vol (m)	5.45
No of Shares (m)	2,253.2
Market Cap (HK\$m)	61,061.8
Major Shareholders (%)	BYD (65.6%)
Auditors	Ernst & Young
Result Due	2Q24E: Aug 2024

Company description

Established in 2002, BYDE is a leading manufacturer of handset components and modules, such as plastic casing, metal casings, and keypads. It also provides assembly services for handsets. Its parent company, BYD (1211.HK) keeps some of handset components and modules, such as LCD displays, FPCs, and camera modules. Its customers include Samsung (005930.KS), Nokia (NOK.US), Huawei, BBK, OPPO, Toshiba (6502.JP), Asus (2357.TT), HTC (2498.TT) and HP (HPQ.US).

Price chart



Sources: Bloomberg, CIRC

■ Higher margin IoT and automotive still outperform; AI exposure would be another bright spot

Segment revenue (new intelligent products + automotive) grew 33% Yoy (vs. 36% CAGR in FY19-FY22) and reached RMB 30bn mark in FY23, accounted for nearly 25% of total revenue (vs. 18%/25% in FY21/FY22). During the period, new intelligent product sales grew 21.3% to RMB18.4bn (14% of total revenue), driven by increased demand for smart home, and gaming hardware. Meanwhile, management also shared during the analyst meeting that AI products (including AI servers, AI edge computing and AIPC) would be another growth driver in the coming years. BYDE will provide customized servers for China internet customers, as well as standardized products to domestic cloud service providers. BYDE have been in close relationship with NVIDIA for over 10 years and now is their strategic partner. BYDE will start AI server shipment to NVIDIA in 2Q24. Management believes their competitive advantages over Taiwan peers lay on heat management cooling solutions, as they can leverage their experience on auto business.

Automotive intelligent segment revenue soared 52% Yoy to RMB14.1bn in FY23 (10.9% of total revenue, vs. 7.4%/4.3%/8.6% in 1H22/FY21/FY22), thanks to increasing penetration in electrification and intelligence system. BYDE's infotainment systems currently support all BYD models, they continue to establish in-depth collaboration with 1st tier suppliers and OEMs, which shows their ambition to develop external clients, while also expanding their product lines into ADAS, smart cabins and other electronic parts. After addressing market concerns **on product pricing and margin in FY23 result, Management continued to address the issue during 1Q24 result call, they still expect segment GM would be at least stable Yoy, thanks to i) innovative product design, ii) improving product mix with higher margins (e.g. suspension would ship from 3Q24) and iii) upstream sourcing capability and production efficiency**

We expect IoT and automotive segment revenue would still be able to achieve >20% growth rate in the coming 2-3 years, and reach ~RMB 40bn/~50bn in FY24E-25E in which automotive revenue growth would continue to outperform, thanks to strong sales from BYD (took up >60% of BYDE's automotive revenue). We model 27.5% revenue CAGR in FY22-25E on IoT and automotive segment and would contribute ~low-20's of BYDE's total revenue by FY25E.

■ Undemanding 11.0x FY24E PE with 20% EPS CAGR in FY23-26E; Maintain BUY on diversifying business strategy well on track

We fine-tuned BYDE's FY24E-25E EPS by +9.3%/-1.3% respectively, on higher sales (include Jabil contribution), GM and OPM assumption, we also introduce FY26E forecasts. With sales and net profit expected to grow 25.8%/20.0% CAGR in FY23-26E, on the back of i) continued ramp up/ allocation gain in assembly service, and share gain from Android clients; ii) Faster than company average growth in IoT and automotive intelligent segment would serve as BYDE's second growth engine, which would increase BYDE's sales and earnings visibility in the long run vs. peers. BYDE continue to diversify away from smartphones related business. Despite near term volatility remains on news flow regarding smartphone demand recovery (esp. US client) and auto segment, we view any price correction would provide investors another good entry point to ride on BYDE's earnings growth.

BYDE is trading at undemanding FY24E 11.0x PE (~1 s.d below 5-year average), we maintain BYDE's rating at BUY with new TP at HK\$41.35, which translates to 17.0x FY24E PE, we view the target valuation is well deserved as BYDE's strategy on diversifying business and client mix is being well executed, which continue to bode well for BYDE's re-rating story.

Exhibit 1: BYDE's 1H19-2H23 P&L summary

Income statement (RMBmn)	1H19	2H19	1H20	2H20	1H21	2H21	1H22	2H22	1H23	2H23
Revenues	23,280	29,748	31,386	41,735	44,531	44,526	43,694	63,493	56,180	73,777
Gross profit	1,551	2,406	4,100	5,529	3,061	2,968	2,328	4,022	4,409	6,009
SG&A	428	448	405	505	527	788	771	999	921	1,086
R&D	853	1,235	1,171	1,743	1,491	1,818	1,515	2,455	2,459	2,263
Operating profits	619	1,077	2,831	3,390	1,746	719	689	1,250	1,670	3,011
Interest expenses	14	18	28	44	29	14	25	34	59	130
Pre tax profit	619	1,077	2,831	3,390	1,746	719	689	1,250	1,670	3,011
Tax	(44)	(55)	(358)	(422)	(103)	(52)	(55)	(26)	(154)	(486)
Net profit	575	1,022	2,473	2,969	1,643	667	634	1,224	1,516	2,526
As % of sales										
Gross profit	6.7%	8.1%	13.1%	13.2%	6.9%	6.7%	5.3%	6.3%	7.8%	8.1%
SG&A	1.8%	1.5%	1.3%	1.2%	1.2%	1.8%	1.8%	1.6%	1.6%	1.5%
R&D	3.7%	4.2%	3.7%	4.2%	3.3%	4.1%	3.5%	3.9%	4.4%	3.1%
Operating profits	2.7%	3.6%	9.0%	8.1%	3.9%	1.6%	1.6%	2.0%	3.0%	4.1%
Net profit	2.5%	3.4%	7.9%	7.1%	3.7%	1.5%	1.5%	1.9%	2.7%	3.4%
Growth (Yoy)										
Revenue	19.3%	38.1%	34.8%	40.3%	41.9%	6.7%	-1.9%	42.6%	28.6%	16.2%
Gross profit	-22.0%	10.2%	164.3%	129.8%	-25.3%	-46.3%	-23.9%	35.5%	89.4%	49.4%
Operating profits	-53.7%	-10.2%	357.4%	214.7%	-38.3%	-78.8%	-60.5%	73.8%	142.4%	141.0%
Net profit	-49.3%	-3.0%	329.9%	190.3%	-33.6%	-77.5%	-61.4%	83.5%	139.2%	106.4%

Source: Company data, CIRC

Exhibit 2: We fine-tuned BYDE's FY24E-25E earnings forecasts and introduce FY26E earnings

	FY24E (new)	FY24E (old)	Diff	FY25E (new)	FY25E (old)	Diff	FY26E	Yoy
Revenue	179,486	150,156	19.5%	220,389	175,233	25.8%	259,234	17.6%
Operating profit	6,730	4,956	35.8%	7,350	6,466	13.7%	8,353	13.6%
Net Profit	5,035	4,605	9.3%	5,965	6,045	-1.3%	7,033	17.9%
EPS (RMB)	2.25	2.06	9.3%	2.67	2.70	-1.2%	3.15	17.9%

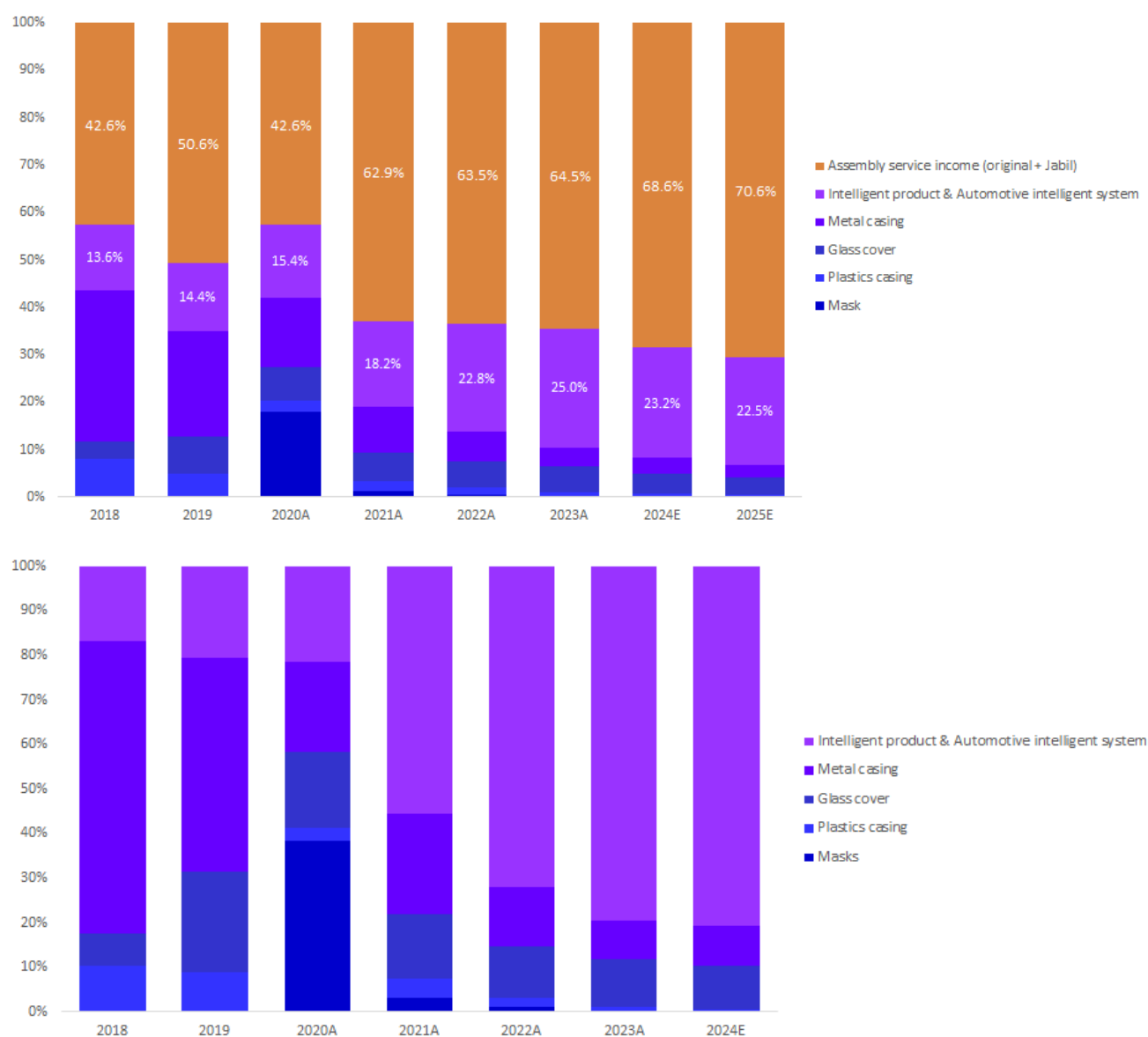
Source: CIRL estimates

Exhibit 3: BYDE's revenue assumption

Year to Dec (RMB mn)	FY21A	FY22A	FY23A	FY24E	FY25E	FY26E
Assembly service income (original + Jabil)	55,977	68,054	83,783	123,710	156,253	187,034
Components	15,655	14,155	13,637	15,104	15,330	16,074
Intelligent product & Automotive intelligent system	16,215	24,470	32,537	40,671	48,806	56,126
Masks	1,210	507	0	0	0	0
Group	89,057	107,186	129,957	179,486	220,389	259,234
Segment Revenue Growth						
Assembly service income (original + Jabil)	79.7%	21.6%	23.1%	47.7%	26.3%	19.7%
Components	-10.9%	-9.6%	-3.7%	10.8%	1.5%	4.9%
Intelligent product & Automotive intelligent system	43.6%	50.9%	33.0%	25.0%	20.0%	15.0%
Masks	-90.8%	-58.1%	-100.0%	-	-	-
Group	21.8%	20.4%	21.2%	38.1%	22.8%	17.6%
Blended GM	6.8%	5.9%	8.0%	8.6%	8.9%	9.0%

Source: Company data, CIRL estimates

Exhibit 4: BYDE's revenue (top) and GP mix (bottom) in FY18-FY25E



Source: Company data, CIRC estimates

Exhibit 5: Financial statement

Income statement						Cash flow					
Year to Dec (RMB mn)	FY22A	FY23A	FY24E	FY25E	FY26E	Year to Dec (RMB mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue	107,186	129,957	179,486	220,389	259,234	Pre-tax profit	1,939	4,681	5,832	6,910	8,146
Gross profit (reported)	6,350	10,394	15,212	19,404	23,192	Taxes paid	387	1,526	(607)	(797)	(944)
EBITDA	4,560	7,658	11,263	11,768	12,683	Depreciation	2,563	2,788	4,533	4,418	4,330
Depreciation	(2,563)	(2,788)	(4,533)	(4,418)	(4,330)	Associates	0	0	0	0	0
EBIT	1,997	4,870	6,730	7,350	8,353	CFO bef. WC change	4,888	8,995	9,758	10,531	11,531
Net interest income (exp.)	(59)	(189)	(897)	(441)	(207)	Change in working cap	4,302	14,538	5,485	(1,497)	(1,334)
Associates	0	0	0	0	0	Cashflow from operation	9,189	23,533	15,243	9,034	10,198
Exceptionals/others	0	0	0	0	0	CAPEX	(4,322)	(9,556)	(4,033)	(4,033)	(4,033)
Profit before tax	1,939	4,681	5,832	6,910	8,146	Free cash flow	4,867	13,977	11,210	5,001	6,165
Tax expenses	(81)	(640)	(797)	(944)	(1,113)	Dividends	372	1,212	1,511	1,790	2,110
Minority interest	0	0	0	0	0	Balance sheet adj.	(1,201)	(9,337)	0	0	0
Net profit	1,858	4,041	5,035	5,965	7,033	Share issued	0	0	0	0	0
Balance sheet						Others	(621)	(1,558)	298	279	320
Year to Dec (RMB mn)	FY22A	FY23A	FY24E	FY25E	FY26E	Net cash flow	3,416	4,294	13,019	7,070	8,595
Cash & equiv	6,244	10,537	23,556	30,626	39,221	Net cash (debt) start	2,827	6,244	10,537	23,556	30,626
Trade receivables	10,471	23,011	31,781	39,024	45,902	Net cash (debt) at year-end	6,244	10,537	23,556	30,626	39,221
Other receivables	0	0	0	0	0	Ratios					
Inventories	17,046	18,541	15,697	19,374	22,778	Year to Dec	FY22A	FY23A	FY24E	FY25E	FY26E
Other current assets	6,727	2,517	2,517	2,517	2,517	Growth rate (%)					
Fixed assets	12,941	19,709	19,209	18,824	18,527	Revenue	20.4	21.2	38.1	22.8	17.6
Intangible assets	9	4,633	4,633	4,633	4,633	EBITDA	(4.3)	67.9	47.1	4.5	7.8
Investment, associates etc	3,556	8,269	8,269	8,269	8,269	EBIT	(20.4)	143.8	38.2	9.2	13.6
Total assets	56,994	87,219	105,662	123,267	141,847	Net profit	(19.6)	117.6	24.6	18.5	17.9
Account payables	22,002	29,939	41,349	50,773	59,722	EPS	(19.6)	117.6	24.6	18.5	17.9
Other payables	0	0	0	0	0	Margins (%)					
Short-term debt	0	0	0	0	0	Gross margin	5.9	8.0	8.5	8.8	8.9
Other current liabs	8,141	24,811	25,001	25,148	25,317	EBITDA	4.3	5.9	6.3	5.3	4.9
Long-term debts	0	0	0	0	0	EBIT	1.9	3.7	3.7	3.3	3.2
Deferred tax and others	1,216	3,138	3,138	3,138	3,138	Net margin	1.7	3.1	2.8	2.7	2.7
Other long-term liabs	0	0	0	0	0	Other ratios					
Total liabilities	31,359	57,888	69,488	79,058	88,177	ROE (%)	7.2	13.8	13.9	13.5	13.1
Share capital	4,052	4,052	4,052	4,052	4,052	ROA (%)	3.3	4.6	4.8	4.8	5.0
Reserves	21,583	25,278	32,122	40,156	49,619	Net gearing (%)	(24.4)	(35.9)	(65.1)	(69.3)	(73.1)
Shareholders' equity	25,635	29,330	36,174	44,208	53,671	Interest coverage (x)	34.1	25.8	7.5	16.7	40.3
Minorities	0	0	0	0	0	Receivables days	35.7	64.6	64.6	64.6	64.6
Total equity	25,635	29,330	36,174	44,208	53,671	Payables days	79.6	91.4	91.9	92.2	92.3
Net cash (debt)	6,244	10,537	23,556	30,626	39,221	Inventory days	61.7	56.6	34.9	35.2	35.2
						Effective tax rate (%)	4.2	13.7	13.7	13.7	13.7

Source: Company data, CIRC estimates

Exhibit 6: Peer valuation comparison

	bloomberg code	Mkt Cap (HKD mn)	Price (HKD)	Share Price Movement (%)			PER (x)						P/B (x)						Yield (%)					
				1M	3M	YTD	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY21	FY22	FY23	FY24E	FY25E	FY26E
HK Listed Peers																								
SUNNY OPTICAL TECH	2382 HK	43,956	40.15	(0.4)	(13.7)	(43.3)	7.3	15.7	36.1	21.8	15.8	13.2	1.7	1.8	1.8	1.7	1.5	1.4	2.7%	1.5%	0.6%	1.0%	1.4%	1.7%
AAC TECHNOLOGIES HOLDINGS IN	2018 HK	29,843	24.90	(2.9)	46.3	7.3	19.0	31.0	35.8	19.2	14.8	12.8	1.1	1.2	1.2	1.1	1.0	1.0	1.9%	0.6%	0.4%	0.9%	1.1%	2.1%
FIT HON TENG LTD	6088 HK	16,111	2.21	4.2	140.2	87.3	13.9	11.7	15.5	7.0	5.3	7.2	0.8	0.9	0.8	0.8	0.7	0.6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
COWELL E HOLDINGS INC	1415 HK	15,305	17.94	(2.8)	12.8	(22.2)	38.5	22.7	41.7	19.1	11.0	8.9	6.2	5.3	4.7	3.8	2.8	2.2	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FIH MOBILE LTD	2038 HK	6,781	0.86	68.6	79.2	41.0	15.8	-12.1	-7.2	-	-	-	0.4	0.5	0.6	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Q TECHNOLOGY GROUP CO LTD	1478 HK	4,217	3.56	11.9	35.4	(19.8)	4.0	21.1	46.7	13.4	9.1	7.6	0.7	0.8	0.8	0.8	0.7	0.7	0.0%	0.0%	0.0%	0.6%	0.7%	1.1%
TRULY INTERNATIONAL HOLDINGS	732 HK	2,750	0.87	8.7	47.5	8.7	2.1	8.9	10.5	-	-	-	0.3	0.3	0.3	-	-	-	5.7%	11.5%	11.5%	0.0%	0.0%	0.0%
SAS DRAGON HOLDINGS LTD	1184 HK	2,428	3.88	9.9	8.1	10.9	3.4	6.1	6.0	-	-	-	1.0	1.0	0.9	-	-	-	11.6%	10.3%	9.0%	0.0%	0.0%	0.0%
SKY LIGHT HOLDINGS LTD	3882 HK	1,513	1.50	29.3	42.9	19.0	-375.0	-60.0	-18.3	-	-	-	6.4	4.9	1.1	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TK GROUP HOLDINGS LTD	2283 HK	1,392	1.67	12.8	21.9	18.4	4.9	6.2	6.7	4.9	4.2	3.5	0.9	0.9	0.8	-	-	-	8.4%	6.8%	6.2%	0.0%	0.0%	0.0%
JU TENG INTERNATIONAL HDGS	3336 HK	1,236	1.03	(4.6)	(15.6)	(12.0)	5.4	5.0	-3.8	-	-	-	0.2	0.2	0.2	-	-	-	7.8%	4.9%	0.0%	0.0%	0.0%	0.0%
COOLPAD GROUP LTD	2369 HK	983	0.06	0.0	7.1	(9.1)	-1.0	-1.3	-	-	-	-	0.2	0.4	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TONGDA GROUP HOLDINGS LTD	698 HK	798	0.08	6.5	(6.8)	(20.4)	2.8	5.8	-0.6	3.6	2.8	2.5	0.1	0.1	0.1	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TONGDA GROUP HOLDINGS LTD	698 HK	798	0.08	6.5	(6.8)	(20.4)	2.8	5.8	-0.6	3.6	2.8	2.5	0.1	0.1	0.1	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
SIM TECHNOLOGY GROUP LTD	2000 HK	664	0.31	2.6	26.8	20.3	-2.9	-1.3	1.9	-	-	-	0.4	0.5	0.4	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CHINA DISPLAY OPTOELECTRONIC	334 HK	402	0.19	(10.0)	(0.5)	(7.8)	1.7	2.0	27.7	-	-	-	0.4	0.4	0.4	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
WILLAS-ARRAY ELECTRONICS	854 HK	277	3.16	2.6	9.7	74.6	2.9	3.3	101.6	-	-	-	0.4	0.4	0.4	-	-	-	10.4%	10.4%	0.0%	0.0%	0.0%	0.0%
KA SHUI INTL HDLG LTD	822 HK	273	0.31	3.4	(14.1)	(20.8)	2.1	3.6	-9.6	-	-	-	0.2	0.2	0.2	-	-	-	13.1%	10.8%	0.0%	0.0%	0.0%	0.0%
銳德控股	1399 HK	251	0.23	(0.9)	(0.9)	(2.1)	4.9	8.9	11.3	-	-	-	0.2	0.2	0.2	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
WAI CHI HOLDINGS CO LTD	1305 HK	218	0.99	(1.0)	0.0	(6.6)	4.1	3.5	5.9	-	-	-	0.3	0.3	0.3	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
VITAL INNOVATIONS HOLDINGS I	6133 HK	195	0.23	0.0	(5.4)	(15.2)	-7.9	-9.5	-	-	-	-	0.3	0.3	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
PANASALUM HOLDINGS CO LTD	2078 HK	131	0.11	28.2	17.2	(6.8)	-0.4	-1.3	4.5	-	-	-	0.1	0.2	0.2	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TONGDA HONG TAI HOLDINGS LTD	2363 HK	112	0.55	(21.4)	(4.5)	7.8	-0.1	-0.2	-0.1	-	-	-	-0.4	-0.2	-0.2	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average		3,940		6.9	20.0	6.0	8.0	9.7	24.3	10.1	7.1	6.4	1.0	0.9	0.7	1.6	1.3	1.1	8.4%	7.9%	6.8%	0.7%	0.9%	1.6%
BYD ELECTRONIC INTL CO LTD																								
BYD ELECTRONIC INTL CO LTD	285 HK	60,949	27.05	(6.2)	0.7	(26.1)	16.9	28.8	14.7	11.1	8.7	7.4	2.0	2.1	2.0	1.7	1.5	1.3	0.6%	0.4%	1.2%	2.1%	2.7%	3.3%
Casing and assembly peers																								
HON HAI PRECISION INDUSTRY	2317 TT	513,157	37.02	(3.1)	51.0	47.4	13.2	13.8	14.4	13.5	11.6	11.7	1.3	1.4	1.3	1.3	1.2	-	3.9%	3.8%	3.7%	3.8%	4.2%	4.9%
QUANTA COMPUTER INC	2382 TT	242,324	62.74	(12.4)	3.2	16.3	25.8	31.8	24.3	20.4	16.5	14.0	5.3	5.6	5.1	5.1	4.6	4.2	2.9%	2.5%	3.6%	3.8%	4.6%	5.7%
LUXSHARE PRECISION INDUSTRY-A	002475 CH	226,259	31.52	2.0	13.9	(15.2)	25.9	21.0	18.5	15.0	12.1	10.3	5.1	4.4	3.6	2.9	2.4	2.0	0.4%	0.5%	1.1%	0.9%	1.1%	1.3%
JABIL INC	JBL US	107,823	894.07	(14.8)	(12.8)	(10.2)	24.6	16.2	18.6	13.6	10.9	9.6	7.8	6.3	5.2	7.2	4.8	3.6	0.1%	0.1%	0.3%	0.3%	0.3%	0.3%
FLEX LTD	FLEX US	86,714	205.89	(7.4)	5.0	18.9	21.6	13.4	15.0	10.6	10.9	9.6	3.8	2.9	2.2	1.9	1.8	1.9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
WISTRON CORP	3231 TT	79,807	27.52	(8.4)	(4.6)	16.1	26.3	26.1	26.9	17.4	13.3	9.9	3.6	3.2	3.0	2.7	2.4	2.2	2.2%	2.5%	2.4%	3.3%	4.6%	6.7%
PEGATRON CORP	4938 TT	61,735	23.17	(1.9)	14.4	10.4	10.8	15.6	15.6	15.1	13.2	12.2	1.3	1.3	1.3	1.3	1.2	1.1	6.0%	4.5%	4.3%	4.6%	4.9%	5.1%
LITE-ON TECHNOLOGY CORP	2301 TT	56,052	23.82	(4.7)	(11.1)	(15.3)	14.2	14.6	14.9	15.8	14.0	14.5	2.7	2.7	2.5	2.6	2.5	2.4	5.3%	5.0%	4.7%	4.5%	4.7%	5.1%
INVENTEC CORP	2356 TT	45,271	12.62	(11.0)	(6.7)	(0.6)	24.9	28.1	29.4	22.0	16.8	12.8	2.8	3.0	2.9	2.9	2.7	2.5	3.1%	3.1%	3.0%	3.8%	4.9%	6.7%
WINGTECH TECHNOLOGY CO LTD-A	600745 CH	42,260	34.00	(14.9)	(0.0)	(25.5)	13.4	25.0	32.4	12.5	9.9	8.0	1.0	1.0	1.0	1.0	0.9	0.9	0.7%	0.0%	0.4%	0.7%	1.1%	0.1%
CELESTICA INC	CLS US	40,506	339.48	(7.4)	20.4	48.3	53.3	36.7	21.3	13.2	12.1	9.8	3.7	3.2	2.9	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
COMPAL ELECTRONICS	2324 TT	37,129	8.42	(4.9)	(1.6)	(11.6)	10.4	19.2	19.1	14.3	12.4	9.9	1.2	1.2	1.2	1.2	1.2	-	6.6%	4.4%	3.6%	4.4%	5.3%	7.3%
CATCHER TECHNOLOGY CO LTD	2474 TT	35,814	52.64	2.8	12.0	12.9	16.7	13.2	15.7	16.5	13.7	-	0.9	0.9	0.9	0.9	-	-	5.3%	5.0%	0.0%	4.6%	4.6%	0.0%
SANMINA CORP	SANM US	26,407	476.19	0.2	(0.4)	18.6	14.9	15.5	11.3	11.8	9.8	-	2.1	1.9	1.6	1.5	1.4	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
PLEXUS CORP	PLXS US	22,069	799.26	6.8	4.9	(5.4)	21.2	20.6	20.3	22.2	16.8	15.3	2.8	2.6	2.3	2.1	1.9	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FOXCORN TECHNOLOGY CO LTD	2354 TT	20,638	14.59	(6.5)	19.3	14.3	16.5	18.4	19.3	10.9	10.3	-	0.7	0.8	0.8	0.5	0.5	-	3.2%	2.9%	2.6%	3.7%	4.5%	0.0%
JU TENG INTERNATIONAL HDGS	3336 HK	1,236	1.03	(4.6)	(15.6)	(12.0)	5.4	5.0	-3.8	-	-	-	0.2	0.2	0.2	-	-	-	7.8%	4.9%	0.0%	0.0%	0.0%	0.0%
TONGDA GROUP HOLDINGS LTD	698 HK	798	0.08	6.5	(6.8)	(20.4)	2.8	5.8	-0.6	3.6	2.8	2.5	0.1	0.1	0.1	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
COKON PRECISE INDUSTRIAL CO	3607 TT	496	4.07	(1.5)	(0.9)	1.2	-6.6	-7.0	-45.1	-	-	-	0.7	1.0	1.1	-	-	-	6.8%	6.5%	0.0%	0.0%	0.0%	0.0%
Average		52,413		(4.1)	1.7	1.4	17.4	16.9	13.5	12.6	10.5	7.3	2.4	2.2	1.9	2.2	2.0	2.1	4.0%	3.6%	2.5%	3.1%	3.6%	4.1%

Source: Bloomberg, CIRC (Market data are as of May 2 afternoon)

Exhibit 10: BYDE 12 month forward P/E Ratio


Source: Bloomberg, CIRC

Risk Factors

Downside risks include: 1) Slowdown in global smartphone shipment/demand; 2) increased competition; 3) Share loss in US client; 4) Slower than expected ramp up in IoT and automotive segment; 5) pricing pressure arising from overseas players and domestic peers

Rating Policy

	Rating	Definition
Stock Rating	Buy	Outperform HSI by 15%
	Neutral	Between -15% ~ 15% of the HSI
	Sell	Underperform HSI by -15%
Sector Rating	Accumulate	Outperform HSI by 10%
	Neutral	Between -10% ~ 10% of the HSI
	Reduce	Underperform HSI by -10%

Analysts List

Hayman Chiu	Research Director	(852) 2235 7677	hayman.chiu@cinda.com.hk
Lewis Pang	Associate Director	(852) 2235 7847	lewis.pang@cinda.com.hk
Edith Li	Senior Research Analyst	(852)2235 7515	edith.li@cinda.com.hk
Tracy Chan	Senior Research Analyst	(852)2235 7170	tracy.chan@cinda.com.hk

Analyst Certification

I, Hayman Chiu, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was / were, is / are or will be directly or indirectly, related to the specific recommendations or views expressed in this report / note.

Disclaimer

This report has been prepared by the Cinda International Research Limited. Although the information and opinions contained in this report have been compiled or arrived at from sources believed to be reliable, Cinda International Research Limited cannot and does not warrant the accuracy or completeness of any such information and analysis. The report should not be regarded by recipients as a substitute for the exercise of their own judgment. Recipients should understand and comprehend the investment objectives and its related risks, and where necessary consult their own financial advisers prior to any investment decision. The report may contain some forward-looking estimates and forecasts derived from the assumptions of the future political and economic conditions with inherently unpredictable and mutable situation, so may contain uncertainty. Any opinions expressed in this report are subject to change without notice. The report is published solely for information purposes, and it does not constitute any advertisement and should not be construed as an offer to buy or sell securities. Cinda International Research Limited will not accept any liability whatsoever for any direct or consequential loss arising from any use of the materials contained in this report. The whole or a part of this report should not be reproduced to others.