

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

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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%

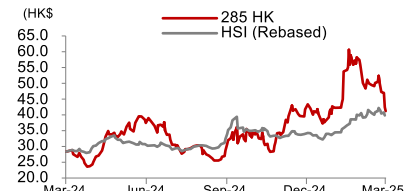
Source: HKEx

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	1057	1528	998	610	907	1546	1202	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.

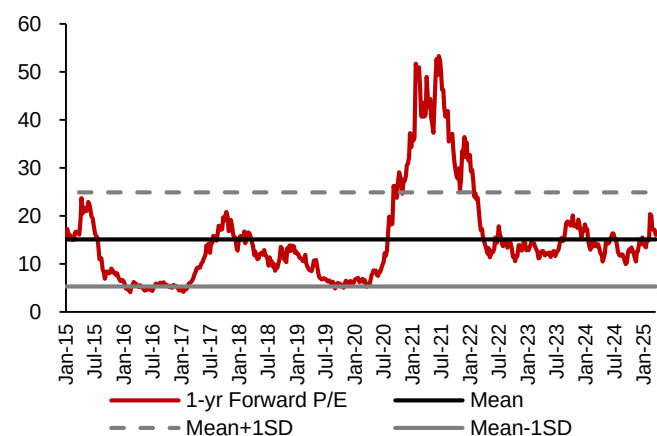
Our SOTP-based TP of HK\$47.10 implies 16.2x FY25E P/E. We assign 15x P/E to its assembly EMS business, 15x for Jabil iPhone casing and 15x P/E for component business, given Android's business margin recovery and Apple's business expansion. We adjust target multiple to 18x for new intelligent and NEV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

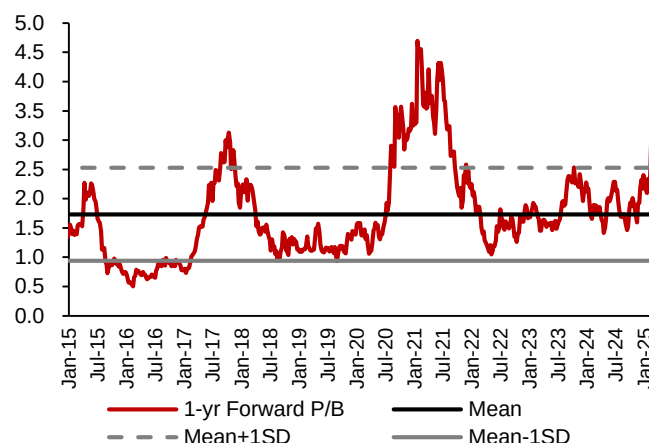
Source: Company data, CMBIGM estimates

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

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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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