

BaTeLab (2149 HK)

Private placement completed, now eyes on execution

BaTeLab raised HK\$120mn from a private placement on 21 May (link), with 3mn shares at HK\$40. The company will use the net proceeds to 1) increase the investment in upstream manufacturing resources (including but not limited to building its own wafer fabs and strengthening cooperation with existing wafer fabs) and 2) other general working capital.

We expect the recent issuance to help the company secure its upstream fabrication capability, which is crucial for BaTeLab's future expansion given the long-tail nature of the industrial-grade analog IC market. We also expect the fund raised to bolster the company's cash reserves, injecting more liquidity support into its operations. BaTeLab's share price closed at HK\$47.6 on 21 May, up 6.6%.

BaTeLab remains one of our top picks with robust revenue growth (27%-33% YoY during 2025E-27E) and high profitability (53%-54% GPM during 2025E-27E). Reiterate BUY with unchanged TP at HK\$69.5.

■ **Private placement of HK\$120mn.** The total issuance was 3mn shares, accounting for 4.76% of its total shares post-placement. The placing price of HK\$40 represented a discount of 10.41% to the closing price of HK\$44.65 on 20 May 2025 (the date on which the Placing Price was fixed), or 11.39% to the average closing price for the last five consecutive trading days prior to 20 May 2025. The lock-up period is 90 days.

■ **Reiterate BUY with unchanged TP at HK\$69.5.** We project the company's revenue to grow to RMB770mn in 2025E, up 33% YoY. NP is expected to grow to RMB217mn, up 30% YoY. The stock is currently trading at 12.9x 2025E P/E or 0.43 PEG, which is very attractive in our view, given that domestic peers are trading at an average 38x 2025E P/E and 74x 2026E P/E. Potential risks include: 1) volatile economic conditions; 2) change in relationship with its core customers or suppliers; and 3) slower-than-expected introduction of new product categories.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	464	579	770	1,006	1,284
YoY growth (%)	31.6	24.8	33.0	30.8	27.6
Gross margin (%)	55.4	53.0	53.8	53.5	53.3
Net profit (RMB mn)	109.2	166.6	216.7	285.1	363.3
YoY growth (%)	14.6	52.6	30.1	31.5	27.4
EPS (Reported) (RMB)	2.42	2.78	3.61	4.75	6.05
P/E (x)	19.3	16.8	12.9	9.8	7.7

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price HK\$69.50
Up/Downside 37.1%
Current Price HK\$50.70

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Stock Data

Mkt Cap (HK\$ mn)	3,042.0
Avg 3 mths t/o (HK\$ mn)	5.4
52w High/Low (HK\$)	51.75/23.05
Total Issued Shares (mn)	60.0

Source: FactSet

Shareholding Structure

Li Zhen	53.5%
Zhang Guangping	39.5%

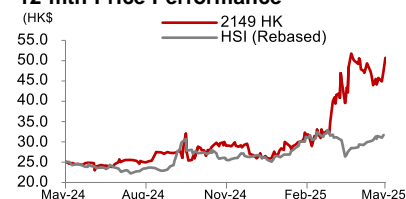
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	0.2%	-6.3%
3-mth	59.4%	58.6%
6-mth	74.5%	42.2%

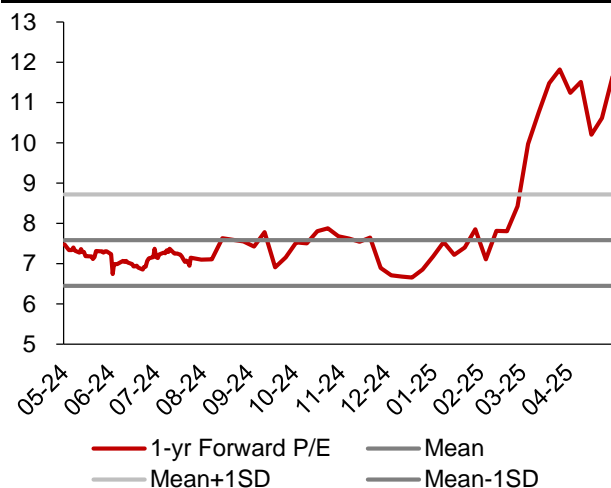
Source: FactSet

12-mth Price Performance



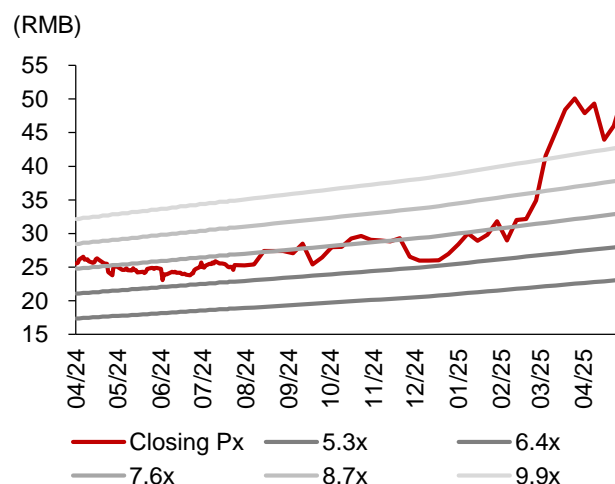
Source: FactSet

Figure 1: P/E Band



Source: Bloomberg, CMBIGM estimates

Figure 2: P/E Chart



Source: Bloomberg, CMBIGM estimates

Figure 3: Peers Table

Company	Ticker	Mkt Cap US\$(mn)	Price (LC)	P/E (x)		Revenue (US\$ mn) FY24	Revenue YoY% FY25E	GPM (%)		Net profit YoY% FY25E	NPM (%) FY25E
				FY25E	FY26E			FY24	FY25E		
BaTeLab	2149 HK	388	50.70	12.9	9.8	91	33.0	53.0	53.8	30.1	28.1
SG Micro	300661 CH	6,127	92.88	45.0	36.3	448	23.4	51.5	50.2	39.4	16.9
Novosen	688052 CH	3,467	174.70	-	132.2	263	43.5	32.7	36.8	NA	-0.8
3Peak	688536 CH	2,681	145.17	55.8	44.1	179	55.3	48.2	47.7	NA	8.7
Joulwatt	688141 CH	1,930	31.01	-	148.4	232	34.4	27.3	32.5	NA	-6.4
Average				37.9	74.2	243	37.9	42.5	44.2	34.8	9.3
TI	TXN US	159,092	175.12	32.0	26.7	15,492	10.6	58.1	57.5	6.8	29.6
ADI	ADI US	103,865	209.30	28.3	23.8	9,388	12.3	57.1	69.6	125.9	34.9
Average				30.1	25.3	12,440	11.5	57.6	63.6	66.4	32.3

Source: Company data, Bloomberg, CMBIGM estimates

Note: data as of 23 May 2025

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	353	464	579	770	1,006	1,284
Cost of goods sold	(153)	(207)	(272)	(355)	(467)	(600)
Gross profit	199	257	307	414	539	684
Operating expenses	(101)	(144)	(133)	(187)	(243)	(310)
Admin expense	(22)	(26)	(32)	(42)	(55)	(70)
R&D expense	(85)	(119)	(129)	(165)	(209)	(260)
Others	6	2	28	20	21	21
Operating profit	98	113	174	227	296	375
Interest expense	(2)	(4)	(8)	(11)	(12)	(13)
Other income/expense	0	0	0	0	0	0
Pre-tax profit	97	109	166	216	284	362
Income tax	(2)	0	1	1	1	1
After tax profit	95	109	167	217	285	363
Minority interest	0	0	0	0	0	0
Net profit	95	109	167	217	285	363

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	530	1,166	1,451	1,712	2,054	2,468
Cash & equivalents	163	551	636	888	1,004	1,151
Account receivables	67	69	52	71	89	115
Inventories	76	218	315	308	384	471
Prepayment	203	261	396	385	503	642
Other current assets	21	67	52	61	73	88
Non-current assets	66	105	158	186	224	269
PP&E	59	62	62	71	84	101
Right-of-use assets	3	7	4	7	9	12
Intangibles	0	0	1	1	1	2
Other non-current assets	3	35	91	107	129	155
Total assets	596	1,271	1,609	1,899	2,277	2,737
Current liabilities	195	427	602	675	768	863
Short-term borrowings	96	172	320	373	393	404
Account payables	96	249	278	297	369	453
Lease liabilities	4	7	4	5	6	7
Other non-current liabilities	5	6	2	2	3	3
Total liabilities	200	433	604	677	770	867
Share capital	45	60	60	60	60	60
Other reserves	351	778	945	1,162	1,447	1,810
Total shareholders equity	396	838	1,005	1,222	1,507	1,870
Minority interest	0	0	0	0	0	0
Total equity and liabilities	596	1,271	1,609	1,899	2,277	2,737

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	97	109	0	216	284	362
Depreciation & amortization	3	6	0	10	13	18
Change in working capital	(110)	(52)	0	19	(140)	(168)
Others	(22)	(33)	0	(13)	(19)	(24)
Net cash from operations	(31)	30	0	232	138	187
Investing						
Capital expenditure	(19)	(44)	(34)	(23)	(31)	(39)
Net proceeds from disposal of short-term investments	464	30	0	0	0	0
Others	(461)	(28)	(30)	0	0	0
Net cash from investing	(15)	(42)	(64)	(23)	(30)	(39)
Financing						
Net cash from financing	63	401	128	43	8	(1)
Net change in cash						
Cash at the beginning of the year	147	163	551	636	888	1,004
Exchange difference	0	(1)	8	0	0	0
Others	16	389	77	252	116	147
Cash at the end of the year	163	551	636	888	1,004	1,151
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	65.7%	31.6%	24.8%	33.0%	30.8%	27.6%
Gross profit	66.1%	29.0%	19.4%	35.0%	30.1%	27.0%
Operating profit	61.8%	15.2%	53.4%	30.5%	30.5%	26.5%
Net profit	67.2%	14.6%	52.6%	30.1%	31.5%	27.4%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	56.5%	55.4%	53.0%	53.8%	53.5%	53.3%
Operating margin	27.9%	24.5%	30.1%	29.5%	29.4%	29.2%
Return on equity (ROE)	27.4%	17.7%	18.1%	19.5%	20.9%	21.5%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Current ratio (x)	2.7	2.7	2.4	2.5	2.7	2.9
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	22.0	19.3	16.8	12.9	9.8	7.7

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

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