

Hong Kong

ADD (no change)

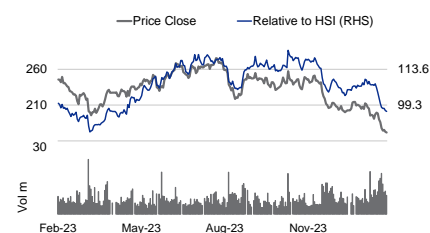
Consensus ratings*: Buy 37 Hold 1 Sell 1

Current price:	HK\$171.7
Target price:	HK\$394.0
Previous target:	HK\$389.0
Up/downside:	129.5%
CGS-CIMB / Consensus:	27.1%
Reuters:	1211.HK
Bloomberg:	1211 HK
Market cap:	US\$66,423m
	HK\$519,533m
Average daily turnover:	US\$209.5m
	HK\$1,636m
Current shares o/s:	2,911m
Free float:	68.9%

*Source: Bloomberg

Key changes in this note

➤ No change



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-17.5	-28.8	-32.6
Relative (%)	-11.3	-16.6	-4.2

Major shareholders

	% held
Mr. Wang Chuan Fu (Chairman)	17.6
Mr. Lv Xiang Yang (non-executive)	13.5
Berkshire Hathaway	3.0

Analyst



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BYD Co Ltd

Better product mix supports higher margins

- BYD's 4Q23F net profit likely fell 17% qoq (+19% yoy) as price cuts for the Dynasty and Ocean-series offset its strong overseas sales.
- We project strong NEV deliveries of 3.72m units in FY24F and 4.32m units in FY25F, driven by low- to medium-priced models, and overseas sales.
- Reiterate Add, with a higher SOP-based TP of HK\$394.0.

4Q23F net profit 17% lower than 3Q23's

BYD guided that its FY23F net profit grew 74-87% to c.Rmb29bn-31bn. This implies a mid-point net profit of Rmb9.0bn for 4Q23F (-14% qoq), largely in line with our expectation of Rmb8.7bn (-17% qoq, +19% yoy). We believe the qoq decline was due to price cuts for its mass market models (priced Rmb150k-300k), increased promotion expenses for dealers, and slower shipment growth for premium models.

Strong NEV deliveries to continue in FY24-25F

BYD delivered 945k new energy vehicles (NEVs) in 4Q23, up 38% yoy and 15% qoq, thanks to strong sales for its low- to mid-priced A-class and B-class models and increased overseas shipments. We expect BYD to deliver c.630k NEVs in 1Q24F, up 14% yoy (-33% qoq), driven by low-to mid-priced models and overseas sales, but with ASP down 5% qoq due to the price cuts for its Dynasty and Ocean-series in Nov 2023, and change in product mix. Despite expecting persistent competition in China's NEV market, we believe BYD's vehicle profit margin (VPM) will remain healthy at around 20% in 1Q24F (we estimate VPM at 25% in 3Q23 and 22% in 4Q23F) as a result of lower battery costs, stronger premium model sales, and higher export shipments. We estimate that BYD enjoys a c.10bp higher VPM for its NEVs delivered overseas vs. those sold domestically.

Product mix and operating leverage support a healthy VPM

We project BYD's NEV deliveries to rise to 3.72m units (+24% yoy) in FY24F and 4.32m units (+16% yoy) in FY25F, driven by 1) rising consumer preference for plug-in hybrid EVs (PHEVs), 2) increasing shipments for its premium models Denza, Fang Cheng Bao (FCB), and Yangwang, and 3) fast-growing overseas shipments. As we estimate that on average, the VPM of its premium models is 10% pts higher vs. low- to mid-priced models, and VPM of overseas sales is 20% pts higher, we expect its blended VPM to stay high at c.21% in FY24-25F, owing to better product mix and operational efficiency, as well as stable battery costs.

Reiterate Add, SOP target price to HK\$394.0

We reiterate Add as we expect its strong NEV deliveries to sustain in FY24-25F, supported by higher overseas EV sales, introduction of >10 new models p.a. in FY24-25F, and strong PHEV deliveries in low-tier cities. Our earnings forecasts remain intact as we see stable VPM for its NEV sales in FY24-25F. As we roll forward our valuation to FY24F, our SOP-based TP rises to HK\$394.0 (implies 27x FY24F P/E and 16x FY24F EV/EBITDA). Re-rating catalysts: strong NEV delivery growth in 1Q24F, stable VPM, and robust export shipment growth. Downside risks: higher-than-expected promotion expenses to expand overseas, and higher lithium carbonate costs lifting its EV battery costs.

Financial Summary

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Revenue (Rmbm)	216,142	424,061	621,233	728,219	830,719
Operating EBITDA (Rmbm)	16,405	41,041	58,928	69,205	75,332
Net Profit (Rmbm)	3,045	16,622	30,306	38,041	43,868
Normalised EPS (Rmb)	1.07	5.71	10.41	13.07	15.07
Normalised EPS Growth	(31%)	435%	82%	26%	15%
FD Normalised P/E (x)	151.1	27.7	15.2	12.1	10.5
DPS (Rmb)	0.11	0.11	0.21	0.26	0.30
Dividend Yield	0.070%	0.072%	0.132%	0.165%	0.191%
EV/EBITDA (x)	25.77	10.14	6.11	4.78	3.94
P/FCFE (x)	NA	120.1	8.0	15.3	13.2
Net Gearing	(28%)	(32%)	(108%)	(151%)	(173%)
P/BV (x)	4.74	4.14	5.94	6.38	5.69
ROE	4.0%	16.1%	32.2%	50.9%	57.4%
% Change In Normalised EPS Estimates					
Normalised EPS/consensus EPS (x)			0.98	0.95	0.87

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

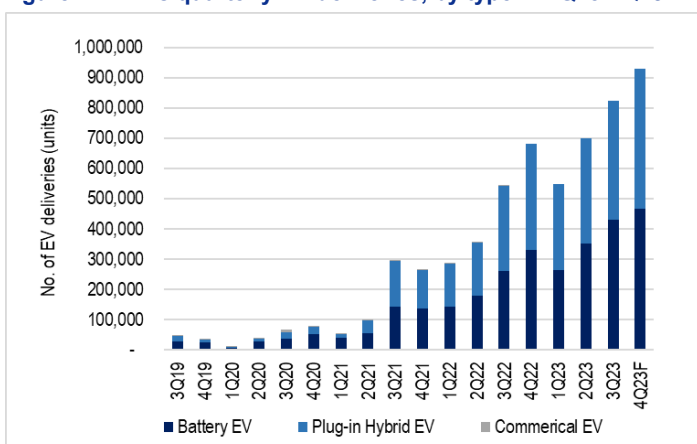
Better product mix supports higher margins

Figure 1: Results comparison

FYE 31 Dec (Rmb m)	4QFY23F	4QFY22	yoy % chg	3QFY23	qoq % chg	FY23F Cum	FY22 Cum	yoy % chg	Prev. FY23F	Comments
Revenue	208,840	156,373	33.6	162,151	28.8	631,115	424,061	48.8	598,467	4Q23F revenue likely rose 27% yoy, mainly driven by strong NEV delivery
Operating costs	(190,785)	(143,029)	33.4	(143,432)	33.0	(571,176)	(381,368)	49.8	(538,219)	(+38% yoy to 945k units) and a recovery in its handset components
EBITDA	18,054	13,344	35.3	18,718	(3.5)	59,939	42,693	N/M	60,248	manufacturing business
EBITDA margin (%)	8.6	8.5		11.5		9.5	10.1		10.1	4Q23F vehicle profit margin likely fell 3% pts to c.22% due to price reductions
EBIT	12,000	8,252	45.4	12,664	(5.2)	35,720	22,323	60.0	36,030	for some models, partially offset by lower battery costs and improved operational efficiency.
Interest expense	(446)	(332)	34.3	(554)	(19.6)	(554)	(554)	-	(640)	
Interest & invt inc	606	1,353	(55.2)	193	213.7	2,697	(3)	N/M	2,800	
Associates' contrib	(362)	(312)	16.0	362	N/M	-	(686)	N/M	-	
Exceptionals	-	-	N/M	-	N/M	-	-	-	-	
Pretax profit	11,798	8,961	31.7	12,665	(6.8)	37,863	21,080	79.6	38,190	
Tax	(2,118)	(1,236)	71.3	(1,779)	19.0	(5,857)	(3,367)	74.0	(5,907)	
Tax rate (%)	17.9	13.8	-	14.0	-	15.5	16.0		15.5	4Q23F net profit likely increased 19% yoy (-17% qoq) to Rmb8.7bn,
Minority interests	(1,000)	(414)		(474)	110.9	(1,959)	(1,091)	79.6	(1,976)	owing to higher NEV sales and lower production costs
Net profit	8,681	7,311	18.7	10,413	(16.6)	30,048	16,622	80.8	30,307	
EPS (Rmb cts)	298.2	251.1	18.7	357.7	(16.6)	1,032.2	571.0	80.8	1,041	

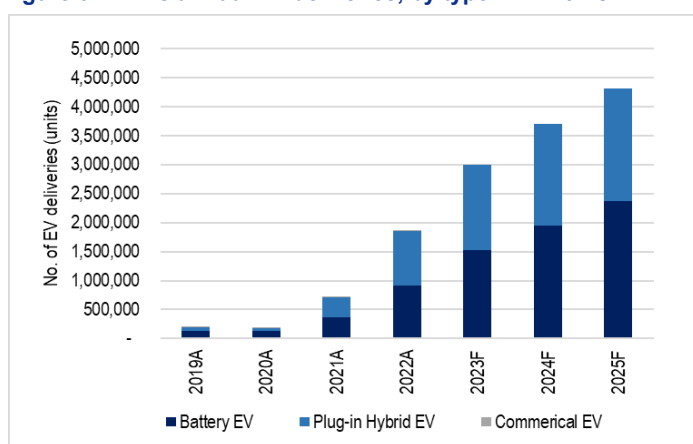
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: BYD's quarterly EV deliveries, by type in 4Q18-4Q23F



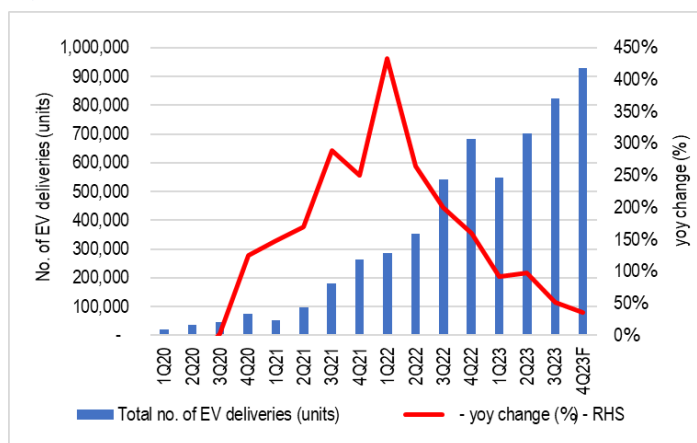
SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 3: BYD's annual EV deliveries, by type in FY19-25F



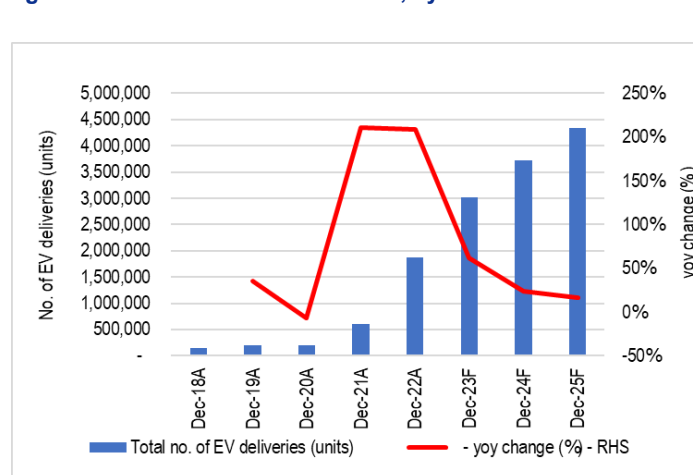
SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 4: BYD's quarterly EV deliveries, by volume in 1Q20-4Q23F



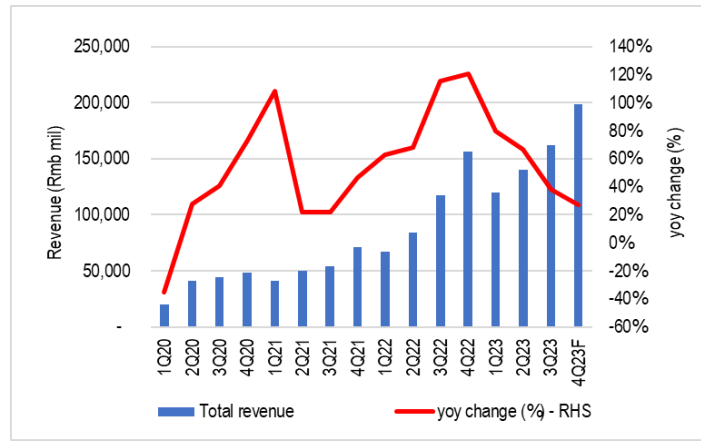
SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 5: BYD's annual EV deliveries, by volume in FY18-25F



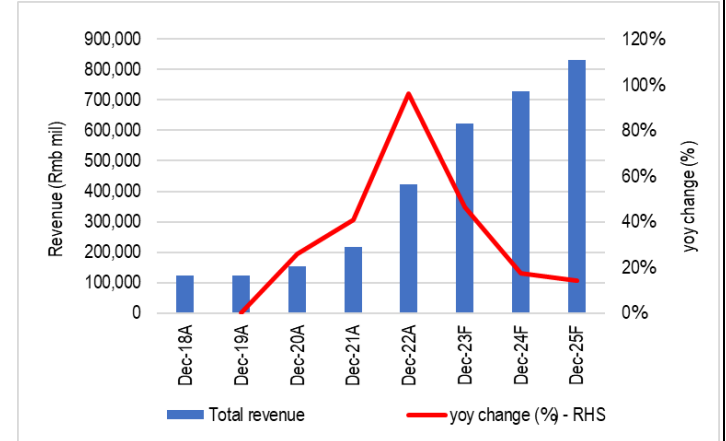
SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 6: BYD's total revenue and yoy change in 1Q20-4Q23F



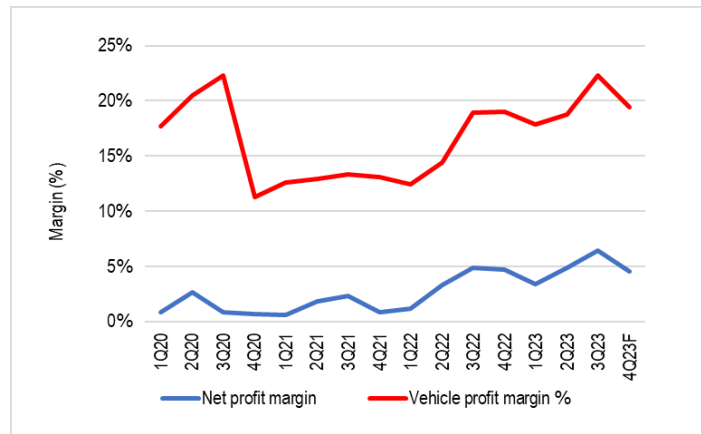
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 7: BYD's total revenue and yoy change in FY18-25F



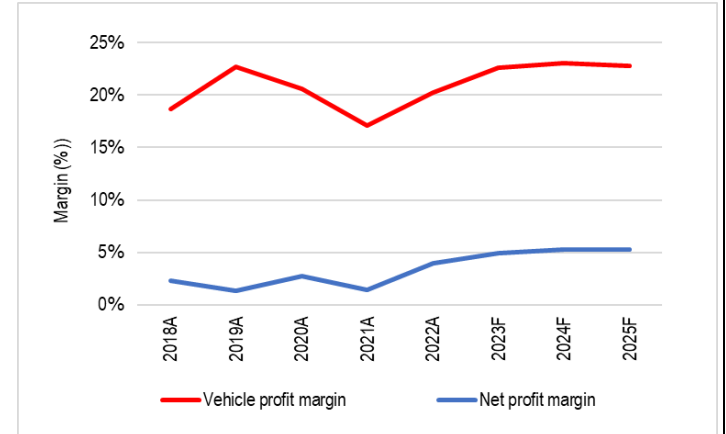
SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 8: BYD's vehicle profit margin and net profit margin, by quarter (1Q20-4Q23F)



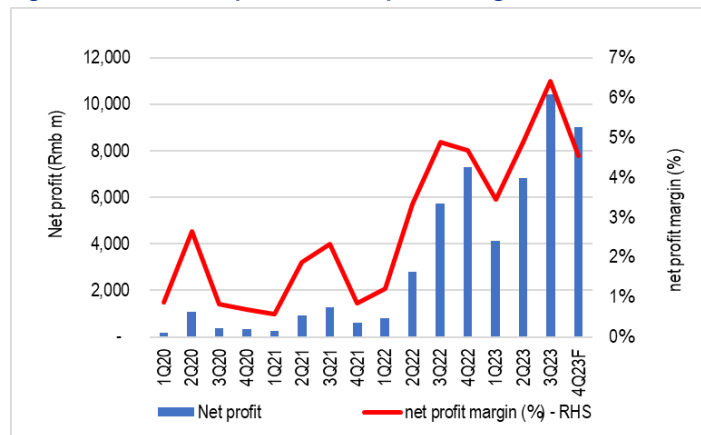
SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 9: BYD's vehicle profit margin and net profit margin in FY18-25F



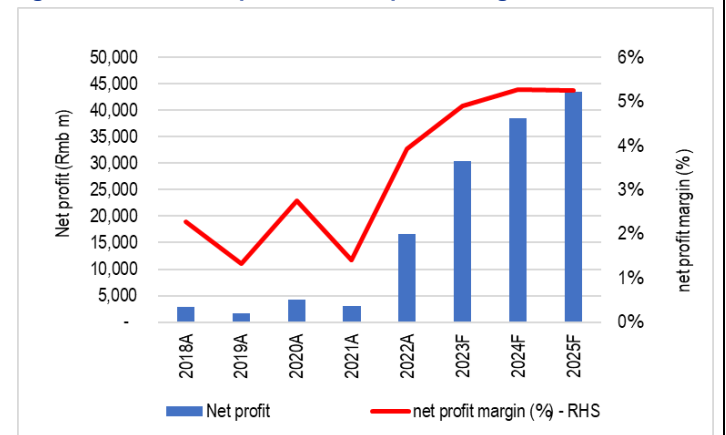
SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 10: BYD's net profit and net profit margin in 1Q20-3Q23



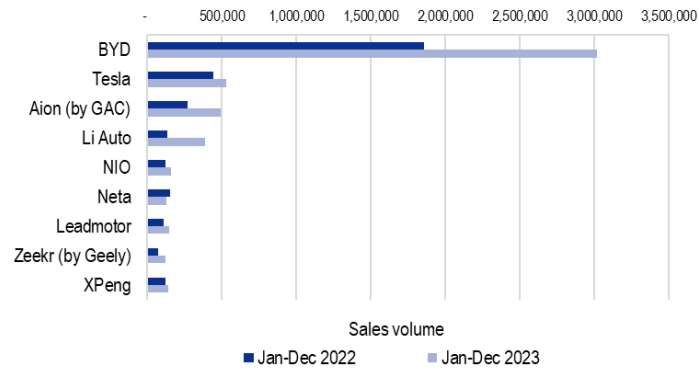
SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 11: BYD's net profit and net profit margin in FY18-25F



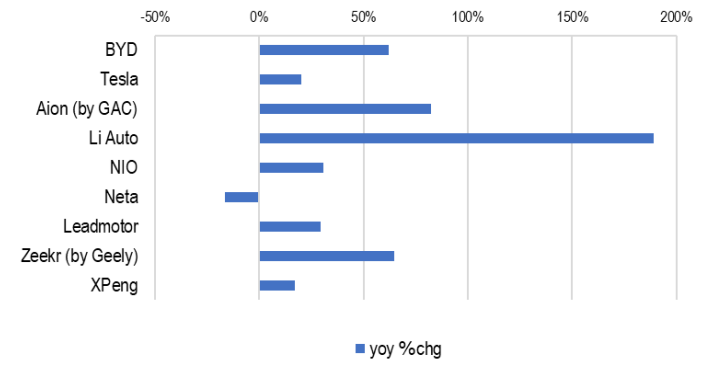
SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 12: Leading EV brands' EV deliveries, by volume (Jan-Dec 2023 vs. Jan-Dec 2022)



SOURCES: CGS-CIMB RESEARCH, CNEVPOST

Figure 13: Leading EV brands' EV deliveries % yoy change (Jan-Dec 2023 vs. Jan-Dec 2022)



SOURCES: CGS-CIMB RESEARCH, CNEVPOST

BYD's EV portfolio >

Difference between BEV, DM, DM-I and DM-P hybrid engines. BYD has stated in its 2022 annual report that it will continue to develop plug-in hybrid electric vehicles (PHEV) and battery electric vehicles (BEV or EV).

In BYD's NEV portfolio, the vehicles come in various versions depending on power source – pure battery EVs, and plug-in dual-mode (DM) models DM, DM-I and DM-P versions. DM-I focuses more on fuel economy, and DM-P focuses more on performance (Fig 14).

- **Dynasty series – mid-market brand:** This series features a mature product mix to meet different customer needs in various environments.

In Apr 2022, BYD introduced the Han DM-I Super Hybrid and DM-P Hybrid versions; the Han series was No.1 in annual sales of B-Class + C-class sedans in China in 2022, according to China Passenger Car Association (CPCA).

The “Song” family-size sedan, which targets the medium/large SUV market, ranked first in terms of retail sales in 2022, according to figures from CPCA.

BYD also launched its A-Class sedan “Qin plus” and A-Class SUV “Yuan Plus” in 2022.

- **Ocean series – mass-market brand:** This series includes “Dolphin”, “Destroyer 05”, “Frigate 07”, and the newly launched mini-EV “Seagull”. Seagull debuted at the Shanghai Auto Show in Apr 2023.
- **Denza – luxury brand.** The first model “Denza D9” was launched in May 2022 as a new luxury product.

The price for a Denza D9 model currently starts at Rmb335,800, with the model being offered in hybrid and pure electric versions.

After the D9, Denza launched the Denza N7 on 3 Jul 2023. The N7 is designed to compete with Tesla Model Y. The model began deliveries in mainland China on 29 Jul 2023.

On 5 Aug 2023, Denza launched another SUV, the N8, targeting the medium-large SUV market of mainland China. Its deliveries began on 22 Aug 2023, and the N8 is priced at Rmb319,000–326,800. The model is powered by BYD's DM hybrid system.

- **Fang Cheng Bao.** Fang Cheng Bao (FCB), also known as Leopard 5, is an SUV-focused brand that sits above the Denza (in terms of price) but far below the flagship Yangwang.

FCB unveiled the Leopard 5 on 25 Aug 2023. The company will begin sales in its home country by opening 100 stores in 60 cities. BYD plans to export Leopard 5 to overseas markets eventually.

FCB also revealed the Super 8 concept car on 25 Aug 2023, which serves as a preview of the Leopard flagship's production specs. Before the launch of the Super 8 model, the FCB Leopard 5 entered the market ahead of its advanced models, according to the company.

- **Yangwang – a new high-end brand.** Yangwang targets the new energy market in the million Rmb price range.

The first model “Yangwang U8”, launched in Sep 2023, incorporated advanced technologies, making it a performance leader in the high-end EV market in China, in our view.

The company plans to launch Yangwang U9 in 2024, further expanding its EV portfolio in the luxury segment.

Figure 14: BYD's NEV portfolio as at 31 Jan 2024

	Model	Delivery Date	Segment	MSRP starting from (RMB)	Wheelbase (mm)	Driving range (km)	Acceleration time (0 to 100km/h) (s)	Peak Power (kW)	Maximum Torque (NM)
2018	 TANG / TANG DM-p/i	Jul - 2018	Mid-large size SUV (BEV/PHEV)	PHEV 205,800-279,800 BEV 279,800 - 339,800	2,820	PHEV - 112/252 BEV - 505/565	PHEV - 4.3 (0-50) BEV - 4.4/8.9	PHEV - 102 BEV - 168/180/380	PHEV - 231 BEV - 350/700
	 YUAN / YUAN PLUS (Atto 3)	Jun - 2018	Mid Size A-Class SUV (BEV/PHEV)	137,800-165,800	2,720	430/510	7.3	150	310
2020	 HAN / HAN DM-p/i	Jul - 2020	Mid size B/C-class Sedan (BEV/PHEV)	PHEV 215,800-289,800 BEV 214,800 - 234,800	2,920	PHEV - 121/242 BEV - 550/550/605	PHEV - 7.9 BEV - 3.9/7.9	PHEV - 102 BEV - 163/363	PHEV - 231 BEV - 350
	 SONG PLUS EV / SONG PLUS DM-p/i	Sept - 2020	Mid large size SUV (BEV/PHEV)	PHEV 145,800-172,800 BEV 180,800-197,800	2,765	PHEV - 51/100/110 BEV - 505	PHEV - 5.9/7.9/8.5 BEV - 4.4(0-50)	PHEV - 132/145 BEV - 135	PHEV - 316/325 BEV - 280
2021	 Dolphin	Aug - 2021	Subcompact A0-class sedan (BEV)	102,800 - 130,800	2,700	301/405/401	3.9/3 (0-50)	70/130	180/290
2022	 Destroyer 05	Mar - 2022	Sedan (BEV)	119,800 - 155,800	2,718	55/120	7.3/7.9	132/145	316/325
	 Seal	Late 2022	Sedan-Coupe (BEV)	209,800 - 286,800	2,920	550/650/700	3.8/5.9/7.5	150/230	310/360
	 Frigate 07	Late 2022	Mid Large SUV (PHEV)	220,000 - 280,000	2,820	100/175/205	4.7	145/150	102/231
	 Danza D9	May - 2022	Premium MPV (BEV/PHEV)	339,580 - 409,800	3,110	620	/	166/230	/
2023	 QIN Plus DM-I Champion Ver.	Feb - 2023	Sedan (PHEV)	99,800 - 135,800	2,718	55/120	7.3/7.9	132/145	316/325
	 Seagull	May - 2023	Sedan (BEV)	73,800 - 89,800	2,500	305/405	4.9 (0-50)	55	135
	 Yangwang U8	Sep - 2023	Luxury G-Class off-roading vehicle (PHEV)	1,098,000 - 1,300,000	3,050	180/1000	3.6	220/240	320/420
	 BYD e2	Feb - 2023	Compact Sedan (BEV)	102,800 - 109,800	2,610	405	4.9 (0-50)	70	180
	 Denza N7 / N8	Jul - 2023	Mid-size crossover SUV	301,800 - 379,800	2,940 / 2,820	702 / 1,030	3.9 / 4.3	230 / 90	360 / 231
	 FCB Leopard 5	/	Mid-size SUV (PHEV)	300,000 - 400,000	2,800	1200	4.8	143	273
2024	 Yangwang U9	2024	Luxury G-Class off-roading vehicle (PHEV)	> 1,000,000	/	/	2.0	/	/

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 15: Sum-of-parts (SOP) valuation

Sum-of-the-parts	Rmb m	Per share (HK\$)	Valuation methodology
Electric vehicle sales and EV battery manufacturing - A	926,282	352.3	12x EBITDA (FY24F) in NEV business
- Estimate EBITDA in vehicle and EV battery business (FY24F Rmb m)	66,163		
Handset components manufacturing business - B	17,857	6.8	10x P/E (FY24F) in handset component and assembly manufacturing, at par with large-cap domestic peers
- Estimate attributable net profit in handset business (FY24F Rmb m)	2,232		
Rechargeable batteries and photovoltaic business - C	47,619	18.1	12x P/E (FY24F) in rechargeable batteries and photovoltaic business, at par with domestic peer's average
- Estimate net profit in rechargeable batteries and Photovoltaic business (FY24F Rmb m)	3,968		
Net cash / (debt) at 31 Dec 2023 (Rmb m) - D	41,670	15.8	Net cash on hand
Total valuation (Rmb m)	1,033,428		A + B + C + D
Value per share (HK\$)		394.0	

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS


Figure 16: Peer comparison

Company	Bloomberg		Price (local curr)	Target price (local curr)	Upside (%)	Market Cap (US\$m)	P/E (x)			P/BV (x)		ROE (%)		EV/EBITDA (x)		Yield (%)		
	Code	Recom.					CY2023F	CY2024F	CY2025F	3-year EPS CAGR %	CY2023F	CY2024F	CY2023F	CY2024F	CY2023F	CY2024F	CY2023F	CY2024F
China Start-up EV makers																		
Li Auto	2015 HK	Add	137.00	272.6	99%	37,204	24.5	18.9	14.7	620%	4.6	3.7	21.7%	21.7%	20.6	12.7	0.0%	0.0%
NIO Inc	9866 HK	Add	65.80	105.0	60%	17,453	N/A	N/A	132.3	N/A	8.2	15.2	-86.5%	-66.5%	N/A	N/A	0.0%	0.0%
XPeng Inc	9868 HK	Add	54.95	87.2	59%	13,268	N/A	N/A	(46.4)	N/A	2.8	3.6	-26.5%	-18.4%	N/A	N/A	0.0%	0.0%
Zhejiang Leapmotor	9863 HK	Not Rated	21.35	N/A	n.a.	3,050	N/A	N/A	N/A	-63.5%	3.2	4.6	-50.1%	-63.8%	na	na	0.0%	0.0%
Average							24.5	18.9	33.5	278.5%	4.7	6.8	-35.4%	-31.7%	20.6	12.7	0.0%	0.0%
Electric vehicle manufacturers																		
BYD Co.	1211 HK	Add	171.70	394.0	129%	66,423	15.2	12.1	10.5	35.1%	5.9	6.4	32.2%	51.2%	6.0	4.7	0.1%	0.2%
Tesla Inc	TSLA US	Not Rated	187.91	N/A	n.a.	598,454	61.1	58.2	44.4	3.6%	11.4	8.8	19.1%	16.5%	37.6	32.9	0.0%	0.0%
Rivian Automotive	RIVN US	Not Rated	15.60	N/A	n.a.	14,940	na	na	na	-28.9%	1.6	1.6	-43.4%	-46.3%	na	na	0.0%	0.0%
Lucid Group	LCID US	Not Rated	3.31	N/A	n.a.	7,578	na	na	na	1.9%	1.5	2.6	-58.2%	-69.5%	na	na	0.0%	0.0%
Average							38.1	35.1	27.4	2.9%	5.1	4.8	-12.6%	-12.0%	21.8	18.8	0.0%	0.0%
China Automobile manufacturers																		
Geely Automobile	175 HK	Not Rated	7.62	N/A	n.a.	9,803	14.5	10.1	7.9	22.4%	0.9	0.8	6.1%	8.2%	3.8	2.7	2.6%	3.6%
Great Wall Motor	2333 HK	Not Rated	7.68	N/A	n.a.	19,334	8.9	6.8	5.6	5.1%	0.9	0.8	10.2%	12.2%	10.7	8.5	4.7%	6.3%
Guangzhou Aulub	2238 HK	Not Rated	3.05	N/A	n.a.	9,454	4.8	4.2	4.0	-9.9%	0.3	0.2	5.2%	6.1%	11.2	7.8	6.9%	6.4%
Average							9.4	7.0	5.9	5.9%	0.7	0.6	7.2%	8.8%	8.6	6.4	4.7%	5.4%
Foreign automobile manufacturers																		
Kia Motor	000270 KS	Add	93,800	120,000	28%	28,996	4.3	4.1	4.4	17.2%	0.8	0.7	20.7%	18.7%	0.9	0.7	4.8%	4.8%
Hyundai Motor	005380 KS	Add	193,800	290,000	50%	31,521	4.4	4.4	5.0	14.1%	0.6	0.5	14.1%	12.6%	5.7	5.5	5.7%	5.7%
Toyota	7203 JP	Not Rated	2,992.00	N/A	n.a.	328,650	16.6	9.6	9.6	15.0%	1.4	1.3	9.4%	14.3%	17.3	11.3	1.8%	2.7%
BMW	BMW GR	Not Rated	96.34	N/A	n.a.	65,853	5.2	5.9	5.8	-15.4%	0.7	0.6	13.1%	10.8%	3.4	3.8	5.9%	5.7%
Mercedes-Benz Group	MBG GR	Not Rated	63.49	N/A	n.a.	72,223	4.9	5.4	5.3	-4.2%	0.7	0.7	14.3%	12.2%	1.5	1.5	8.2%	7.9%
Volkswagen	VOW GR	Not Rated	131.80	N/A	n.a.	68,265	4.3	4.5	4.1	-0.4%	0.4	0.4	9.0%	8.0%	1.1	1.3	6.8%	6.7%
Ford	F US	Not Rated	12.14	N/A	n.a.	48,596	6.5	7.2	7.2	-2.6%	1.1	1.0	15.3%	14.1%	2.5	2.7	10.3%	5.1%
General Motor	GM US	Not Rated	38.91	N/A	n.a.	44,919	5.1	4.7	4.5	-4.1%	0.8	0.6	15.8%	14.7%	2.3	2.2	0.9%	1.2%
Average							6.4	5.7	5.7	2.5%	0.8	0.7	14.0%	13.2%	4.3	3.6	5.5%	5.0%
Battery manufacturers																		
CALB	3931 HK	Not Rated	12.20	N/A	n.a.	2,764	36.4	14.6	14.6	40.3%	0.4	0.4	2.1%	4.0%	15.6	11.6	0.0%	0.0%
Tianqi Lithium	9696 HK	Not Rated	32.80	N/A	n.a.	9,284	4.9	8.1	6.8	-32.5%	0.9	0.8	18.5%	10.9%	1.6	3.4	3.9%	2.7%
CATL	300750 CH	Not Rated	151.94	N/A	n.a.	92,855	15.3	12.9	10.5	30.4%	3.3	2.7	22.8%	21.8%	10.0	8.9	1.2%	1.4%
EVE Energy	300014 CH	Not Rated	32.03	N/A	n.a.	9,103	14.3	10.6	8.3	32.0%	1.9	1.6	13.2%	15.3%	13.4	9.8	1.0%	1.4%
Colton High-Tech	002074 CH	Not Rated	16.73	N/A	n.a.	4,149	48.5	28.6	19.2	61.4%	1.2	1.2	2.2%	3.9%	21.5	16.7	0.0%	0.0%
Shenzhen Desay Battery	000049 CH	Not Rated	17.72	N/A	n.a.	947	9.0	6.9	5.6	-1.0%	1.3	1.1	13.1%	13.7%	8.8	7.0	2.3%	2.6%
LG Energy Solution	373220 KS	Not Rated	389,000	N/A	n.a.	68,240	59.4	51.7	27.3	59.6%	4.4	4.0	7.6%	8.5%	21.9	16.9	0.0%	0.0%
Hyundai Mobis	012330 KS	Add	231,500	300,000	30%	16,292	N/A	N/A	#N/A	N/A	N/A	N/A	0.0%	0.0%	N/A	N/A	2.2%	2.2%
SK On	096770 KS	Not Rated	127,100	N/A	n.a.	9,591	20.7	8.2	5.3	-0.4%	0.6	0.6	2.8%	6.8%	8.5	6.7	2.8%	2.5%
Samsung SDI	006400 KS	Add	446,500	590,000	32%	23,608	15.5	13.9	12.4	8.4%	1.6	1.5	11.3%	11.2%	5.3	4.3	0.2%	0.2%
Average							24.9	17.3	#N/A	22.0%	1.7	1.5	9.3%	9.6%	11.8	9.5	1.4%	1.3%
Electric vehicle parts manufacturers																		
Fuyao Glass	3606 HK	Not Rated	36.55	N/A	n.a.	14,152	15.4	13.7	11.8	14.8%	2.8	2.5	18.1%	18.5%	11.6	10.1	4.0%	4.3%
LK Technology	558 HK	Add	4.81	8.00	66%	847	13.0	9.6	7.1	19.1%	1.6	1.4	12.7%	15.1%	9.8	7.5	1.6%	2.1%
Times Electric	3898 HK	Not Rated	18.70	N/A	n.a.	5,183	8.0	7.1	6.2	16.9%	0.7	0.6	8.4%	8.3%	8.8	7.8	3.3%	3.7%
Qingdao TGOOD Electric	300001 CH	Not Rated	15.80	N/A	n.a.	2,318	37.4	27.3	20.5	37.1%	2.5	2.3	7.2%	8.6%	15.5	13.1	0.5%	0.7%
Appotronics	688007 CH																	
Genelec Technology Bhd	GENE MK	Add	2.31	3.60	56%	388	20.3	16.5	13.8	19.9%	3.8	3.1	21.7%	20.9%	15.5	12.3	0.6%	0.9%
Malaysian Pacific Industries	MPI MK	Reduce	28.02	23.65	-16%	1,210	44.1	27.0	N/A	N/A	2.8	2.6	6.7%	10.2%	10.4	8.7	1.2%	1.1%
Continental AG	CON GY	Not Rated	74.88	N/A	n.a.	16,115	10.2	8.4	6.8	23.4%	1.0	1.0	10.9%	11.5%	4.3	3.7	2.6%	3.4%
Valeo	FR FP	Not Rated	11.90	N/A	n.a.	3,131	10.4	7.0	4.6	45.1%	0.7	0.7	6.8%	8.8%	2.9	2.6	3.8%	5.1%
Magna International	MGA US	Not Rated	57.02	N/A	n.a.	16,339	10.4	8.6	7.2	21.8%	1.4	1.3	14.0%	15.6%	6.1	5.3	3.2%	3.3%
Average							18.8	13.9	9.7	24.8%	1.9	1.7	11.8%	13.1%	9.4	7.9	2.3%	2.7%
Automotive software providers																		
Desay SV	002920 CH	Not Rated	80.54	N/A	n.a.	6,210	30.0	21.8	16.3	36.1%	5.7	4.7	20.4%	23.0%	25.1	18.0	0.8%	1.0%
ThunderSoft	300496 CH	Not Rated	45.43	N/A	n.a.	2,903	25.7	19.7	14.7	14.8%	2.2	2.0	8.2%	9.8%	18.4	13.9	0.8%	1.1%
Average							27.9	20.8	15.5	25.5%	4.0	3.3	14.3%	16.4%	21.7	15.9	0.8%	1.0%

PRICES AS AT 5 FEB 2024

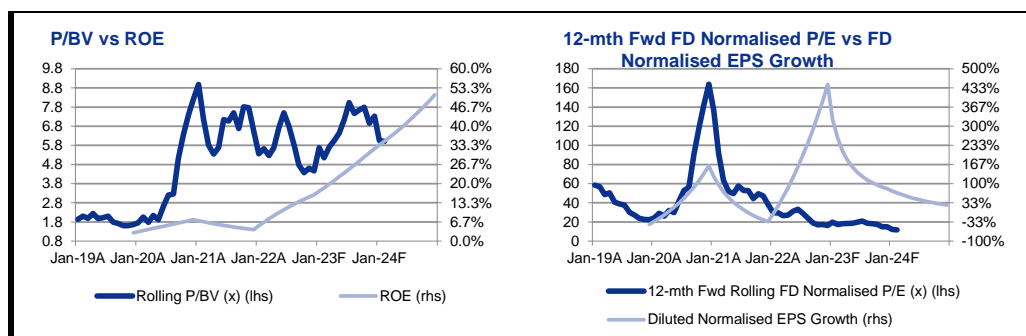
SOURCES: CGS-CIMB RESEARCH ESTIMATES, BLOOMBERG

Note: Estimates for Not Rated companies are based on Bloomberg consensus' estimates

Refinitiv ESG Scores	
 <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: #90EE90; padding: 5px; text-align: center;">B- <small>ESG Score</small></div> <div style="background-color: #90EE90; padding: 5px; text-align: center;">C+ <small>ESG Controversies Score</small></div> <div style="background-color: #90EE90; padding: 5px; text-align: center;">C+ <small>ESG Combined Score</small></div> <div style="background-color: #90EE90; padding: 5px; text-align: center;">B+ <small>ESG Environment Pillar Score</small></div> <div style="background-color: #FFD700; padding: 5px; text-align: center;">C <small>ESG Social Pillar Score</small></div> <div style="background-color: #90EE90; padding: 5px; text-align: center;">B <small>ESG Government Pillar Score</small></div> </div>	
<p>ESG in a nutshell</p> <p>In 2022, BYD's ESG initiatives included improving recourse utilisation, launching more eco-friendly products, supporting social charity, communicating with different investors about ESG topics, etc.</p> <p>According to the latest Refinitiv Eikon's rating, BYD achieved A+ (the highest rating) in its controversies score in 2022, implying zero exposure to ESG controversies and harmful acts in global media.</p> <p>From our perspective, BYD is not involved in any environmentally-detrimental industry practices. Furthermore, it has made efforts to integrate ESG with its own industry.</p>	
<p>Environmental</p> <p>In 2022, BYD emphasised sustainability during manufacturing as a response to source waste and climate change. By launching green products and applying the green-producing model, BYD reduced its negative effect on the environment.</p>	<p>Implications</p> <p>In 2022, BYD received some certifications for green factories or green supply chains.</p> <p>In 2022, BYD established a complete set of standards and regulations to lower energy consumption intensity effectively. Total greenhouse gas (GHG) emission increased to 8.06m tonnes in 2022, but the GHG intensity fell 21.3% yoy to 0.19011 tones/Rmb10,000 revenue. BYD utilised a range of energy-saving projects to save standard coal and reduce CO₂ emission. For wastewater discharge, the group stuck to the reduction, recycling and reusing principle to minimise water waste. Moreover, BYD fully complied with the emission standards for wastewater, waste gas and noise in 2022.</p> <p>Simultaneously, BYD actively cooperated and shared with enterprises and industry associations to explore solutions for climate change and improve sustainability.</p>
<p>Social</p> <p>BYD actively participates in social charity projects to support social development and minimise disasters.</p>	<p>Implications</p> <p>In 2022, BYD Charity Foundation donated over Rmb240m to provide disaster relief, support educational development, and help disadvantaged groups. For instance, BYD supplied over Rmb59.1m to support communities in Xian, Shenzhen, Hong Kong, etc. Moreover, BYD used the funds to set up scholarships for excellent students and to assist rural children. BYD also calls on its employees to participate in public welfare and voluntary activities, which have received positive feedback from society.</p> <p>In terms of employment, BYD emphasises equal opportunity for people in different ethnic groups and opposes child labour. BYD also offers training camps to provide graduates with the chance to enter the industry and cultivate comprehensive skills.</p>
<p>Governance</p> <p>BYD's board of directors takes responsibility for promoting ESG concepts in all business segments. Through its CSR Committee, the company interacts with its customers and investors about its ESG development both internally and externally. Simultaneously, BYD cares about employee compliance, which promotes internal corporate governance.</p>	<p>Implications</p> <p>BYD has set up a CSR Committee to identify, evaluate and manage essential topics related to corporate governance, society and the environment. In 2022, BYD emphasised internal communication to promote the implementation of the various modules of social responsibility. Moreover, BYD proactively manages external communication about ESG with other enterprises and domestic and overseas investors. Furthermore, BYD emphasised compliance operations and conducted comprehensive training for employees to guide them to consciously implement compliance concepts and adhere to compliance requirements.</p>

SOURCES: CGS-CIMB RESEARCH, REFINITIV

BY THE NUMBERS



Profit & Loss

(Rmbm)	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Total Net Revenues	216,142	424,061	621,233	728,219	830,719
Gross Profit	28,145	72,245	122,488	146,376	166,458
Operating EBITDA	16,405	41,041	58,928	69,205	75,332
Depreciation And Amortisation	(11,078)	(19,786)	(24,218)	(25,395)	(26,394)
Operating EBIT	5,327	21,255	34,710	43,810	48,938
Financial Income/(Expense)	(1,276)	513	781	2,646	3,930
Pretax Income/(Loss) from Assoc.	(145)	(686)	0	0	0
Non-Operating Income/(Expense)	612	(3)	2,697	1,480	2,410
Profit Before Tax (pre-EI)	4,518	21,080	38,189	47,935	55,278
Exceptional Items	0	0	0	0	0
Pre-tax Profit	4,518	21,080	38,189	47,935	55,278
Taxation	(551)	(3,367)	(5,907)	(7,414)	(8,550)
Exceptional Income - post-tax					
Profit After Tax	3,967	17,713	32,282	40,521	46,728
Minority Interests	(922)	(1,091)	(1,976)	(2,480)	(2,860)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	3,045	16,622	30,306	38,041	43,868
Normalised Net Profit	3,967	17,713	32,282	40,521	46,728
Fully Diluted Normalised Profit	3,045	16,622	30,306	38,041	43,868

Cash Flow

(Rmbm)	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
EBITDA	16,405	41,041	58,928	69,205	75,332
Cash Flow from Inv. & Assoc.	145	686	0	0	0
Change In Working Capital	15,011	98,418	40,832	6,038	4,892
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	35,436	748	2,507	(575)	(929)
Net Interest (Paid)/Received	(1,276)	513	781	2,646	3,930
Tax Paid	(254)	(569)	(5,907)	(7,414)	(8,550)
Cashflow From Operations	65,467	140,838	97,142	69,900	74,675
Capex	(37,344)	(97,457)	(30,000)	(30,000)	(30,000)
Disposals Of FAs/subsidiaries	(3,273)	(8,636)	(8,636)	(8,636)	(8,636)
Acq. Of Subsidiaries/investments	0	0	0	0	0
Other Investing Cashflow	(4,787)	(14,503)	0	0	0
Cash Flow From Investing	(45,404)	(120,596)	(38,636)	(38,636)	(38,636)
Debt Raised/(repaid)	(22,106)	(16,413)	(1,240)	(1,227)	(1,213)
Proceeds From Issue Of Shares	37,314	508	0	0	0
Shares Repurchased	0	0	0	0	0
Dividends Paid	(609)	(385)	(332)	(606)	(761)
Preferred Dividends					
Other Financing Cashflow	1,465	(3,198)	(1,792)	(1,619)	(1,447)
Cash Flow From Financing	16,063	(19,489)	(3,364)	(3,451)	(3,421)
Total Cash Generated	36,125	753	55,141	27,813	32,619
Free Cashflow To Equity	(2,044)	3,829	57,266	30,037	34,826
Free Cashflow To Firm	21,970	21,558	60,298	32,883	37,486

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(Rmbm)	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Total Cash And Equivalents	50,457	51,471	106,613	134,425	167,044
Total Debtors	50,632	80,573	105,956	124,203	141,685
Inventories	43,355	79,107	81,986	95,645	109,194
Total Other Current Assets	21,666	29,652	29,652	29,652	29,652
Total Current Assets	166,110	240,804	324,206	383,925	447,574
Fixed Assets	61,221	131,880	139,662	146,267	151,873
Total Investments	7,905	15,485	15,485	15,485	15,485
Intangible Assets	17,105	23,223	23,223	23,223	23,223
Total Other Non-Current Assets	43,439	82,468	82,468	82,468	82,468
Total Non-current Assets	129,670	253,057	260,839	267,444	273,049
Short-term Debt	10,204	5,208	5,468	5,741	6,029
Current Portion of Long-Term Debt					
Total Creditors	50,632	80,573	105,956	124,203	141,685
Other Current Liabilities	110,468	247,564	347,765	402,167	446,213
Total Current Liabilities	171,304	333,345	459,188	532,111	593,927
Total Long-term Debt	10,790	7,594	6,094	4,594	3,094
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	9,442	31,533	32,002	32,216	32,406
Total Non-current Liabilities	20,232	39,126	38,096	36,810	35,500
Total Provisions	0	0	0	0	0
Total Liabilities	191,536	372,471	497,284	568,921	629,427
Shareholders' Equity	95,070	111,029	77,400	72,088	80,836
Minority Interests	9,175	10,361	10,361	10,361	10,361
Total Equity	104,244	121,390	87,761	82,448	91,197

Key Ratios

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Revenue Growth	40.8%	96.2%	46.5%	17.2%	14.1%
Operating EBITDA Growth	(7%)	150%	44%	17%	9%
Operating EBITDA Margin	7.59%	9.68%	9.49%	9.50%	9.07%
Net Cash Per Share (Rmb)	10.32	13.28	32.65	42.63	54.25
BVPS (Rmb)	33.31	38.14	26.59	24.76	27.77
Gross Interest Cover	2.79	16.15	19.37	27.07	33.82
Effective Tax Rate	12.2%	16.0%	15.5%	15.5%	15.5%
Net Dividend Payout Ratio	10.3%	2.0%	2.0%	2.0%	2.0%
Accounts Receivables Days	63.24	32.03	26.41	27.87	28.15
Inventory Days	72.57	63.53	58.95	55.87	56.28
Accounts Payables Days	72.71	38.61	32.89	34.88	35.20
ROIC (%)	4%	21%	26%	356%	(147%)
ROCE (%)	4.9%	17.8%	31.9%	50.0%	56.3%
Return On Average Assets	1.98%	4.39%	5.88%	6.23%	6.38%

Key Drivers

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Vehicle sales (No. of '000 units)	603,783.0	1,867,128.0	3,013,172.0	3,722,407.8	4,335,641.5
Vehicle sales (Rmb bn)	129.0	324.7	494.1	594.7	690.6
Vehicle margin (%)	17.1%	20.3%	22.6%	23.0%	22.8%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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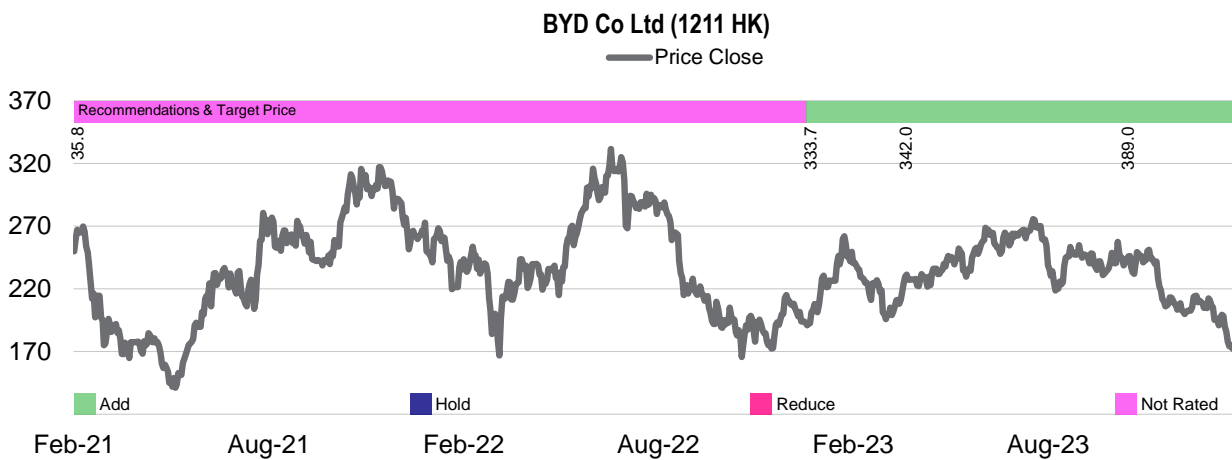
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2023		
636 companies under coverage for quarter ended on 31 December 2023		
	Rating Distribution (%)	Investment Banking clients (%)
Add	67.5%	1.3%
Hold	22.5%	0.0%
Reduce	10.1%	0.2%

Spitzer Chart for stock being researched (2 year data)



Recommendation Framework	
Stock Ratings	Definition:
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.
<i>The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.</i>	
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Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
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