

COMPANY RESULTS

BYD Company (1211 HK)

4Q24: Earnings Up 73% yoy, Beating Estimates; Raise Target Price To HK\$510.00

BYD's 4Q24 net profit came in above estimates at Rmb15,016m (+73% yoy/+29% qoq) on upbeat margins. Net profit per vehicle rose 10% yoy to Rmb8,820. Management targets 5.5m-6.0m units in sales volume and steady net profit per vehicle for 2025. Based on higher sales and margins, we raise our 2025-26 net profit forecasts by 18%/14% to Rmb55,813m/Rmb65,733m respectively, and introduce 2027 net profit forecast of Rmb75,817m. Maintain BUY. Raise target price to HK\$510.00.

4Q24 RESULTS

Year to 31 Dec (Rmbm)	4Q24	yoy % chg	qoq % chg	2024	yoy % chg	Comments
Sales volume ('000 units)	1,599	69.3	50.9	4,272	41.3	In line
Net profit per vehicle (Rmb'000)	8.82	10.4	(7.9)	8.42	(2.4)	Beat
Revenue	274,851	52.7	36.7	777,102	29.0	In line
Gross profit	46,758	22.4	6.2	151,056	24.1	Beat
Gross margin (%)	17.0	(4.2)	(4.9)	19.4	(0.8)	Miss due to change in accounting treatment
EBIT	19,822	73.5	26.4	52,877	43.6	Beat
EBIT margin (%)	7.2	0.9	(0.6)	6.8	0.7	Beat
Net profit	15,016	73.1	29.4	40,254	34.0	Beat
Net profit (adj.)	13,791	51.3	26.8	38,515	38.4	Beat
Net margin (%)	5.5	0.3	1.5	5.2	0.2	Beat
Core net margin (%)	5.0	0.5	1.9	5.0	0.3	Beat
Operating cash flow	77,181	7.4	83.3	133,454	(21.4)	Beat
Free cash flow	49,213	34.2	148.5	35,969	n.a.	Beat

Source: BYD, UOB Kay Hian

RESULTS

- 4Q24 earnings up 73% yoy/29% qoq to Rmb15,016m, beating estimates on margins.** BYD Company's (BYD) 4Q24 net profit came in better than expected at Rmb15,016m (+73% yoy/+29% qoq), 4% above our estimate of Rmb14.39b and 2% below consensus estimate of Rmb15.33b. The 4Q24 earnings beat to our estimates lies in margins. Revenue grew 53% yoy/37% qoq to Rmb274.85b in 4Q24, in line with our expectation. Gross margin dropped 4.9ppt qoq to 17.0% in 4Q24, as some costs were moved from SG&A to COGS. SG&A/revenue ratio fell 4.8ppt qoq to 2.3% in 4Q24. R&D/revenue ratio rose 0.4ppt qoq to 7.2% in 4Q24, due to launches of new models. All in, EBIT margin jumped 0.9ppt yoy to 7.2% in 4Q24, due to improved economies of scale and operational efficiency. Net profit per vehicle also grew 10% yoy to Rmb8,820, beating expectations.

KEY FINANCIALS

Year to 31 Dec (Rmbm)	2023	2024	2025F	2026F	2027F
Net turnover	602,315	777,102	1,024,500	1,220,280	1,432,575
EBITDA	80,386	119,783	122,291	143,458	164,575
Operating profit	36,833	52,877	66,385	77,426	88,242
Net profit (rep./act.)	30,041	40,254	55,813	65,733	75,817
Net profit (adj.)	27,824	38,515	53,613	63,533	73,617
EPS (fen)	1,033.9	1,383.7	1,836.5	2,162.9	2,494.7
PE (x)	34.2	25.6	19.3	16.4	14.2
P/B (x)	7.4	5.6	4.0	3.4	2.9
EV/EBITDA (x)	12.0	8.1	7.9	6.7	5.9
Dividend yield (%)	0.9	1.1	1.6	1.8	2.1
Net margin (%)	4.6	5.0	5.2	5.2	5.1
Net debt/(cash) to equity (%)	(44.8)	(33.6)	(34.9)	(47.1)	(58.3)
Interest cover (x)	(25.0)	43.5	(68.6)	(38.7)	(25.5)
ROE (%)	22.3	23.8	23.6	21.6	21.2
Consensus net profit	-	-	53,019	63,092	n.a.
UOBKH/Consensus (x)	-	-	1.05	1.04	n.a.

Source: BYD, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	HK\$389.20
Target Price	HK\$510.00
Upside	+31.0%
(Previous TP)	HK\$410.00

COMPANY DESCRIPTION

BYD Company produces automobiles, rechargeable batteries and handset components in China.

STOCK DATA

GICS sector	Automobile
Bloomberg ticker:	1211 HK
Shares issued (m):	3,039
Market cap (HK\$m):	1,182,804
Market cap (US\$m):	151,642
3-mth avg daily t'over (US\$m):	560

Price Performance (%)

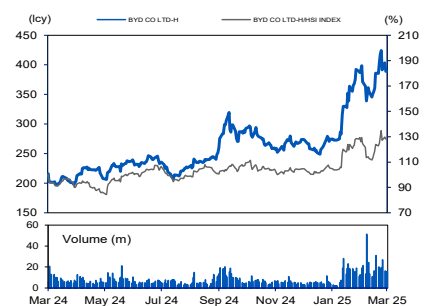
52-week high/low	HK\$426.60/HK\$193.8			
1mth	3mth	6mth	1yr	YTD
0.5	42.1	54.6	84.5	46.0

Major ShareBUYers

Wang Chuan Fu	17.64%
Lu Xiang Yang	8.22%

FY25 NAV/Share (Rmb)	78.6
FY25 Net Cash/Share (Rmb)	34.1

PRICE CHART



Source: Bloomberg

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- **Cash flow improved in 4Q24 despite increase in capex.** Operating cash flow grew 7% yoy/83% qoq to Rmb77.18b in 4Q24, as inventory days and receivable days decreased from 69 days/43 days respectively as of 30 Sep 24 to 48 days/30 days as of 31 Dec 24. Capex rose 25% qoq to Rmb27.84b in 4Q24 due to the construction of new plants. Despite the spike in capex, free cash flow grew 34% yoy/149% qoq to Rmb49.21m in 4Q24. Net cash surged 268% qoq from Rmb16.92b as of 30 Sep 24 to Rmb62.28b as of 31 Dec 24.
- **Dividend payout ratio remains at 30%.** BYD declared a final dividend of Rmb3.039/share, implying a steady 30% dividend payout ratio.

STOCK IMPACT

- **Raise our estimates on 2025-26 sales volumes by 9%/8% to 6.0m/7.0m units respectively, and introduce our 2027 sales volume estimate of 8.0m units,** based on upbeat sales ytd and optimistic management guidance. That implies a 23% three-year CAGR from 2024 to 2027. BYD's sales volume surged 92.5% yoy to 623,384 units in Jan-Feb 25, beating expectations. Looking ahead, management targets 5.5m-6.0m units in sales volume for 2025, based on launches of new models and expansion into overseas markets.

Ytd, BYD has launched two prominent technologies – DiPilot advanced driver assist system and Megawatt Flash Charging Technology, which will be installed in most of its new models. BYD plans to roll out 19 new models in 2025 (including both facelifts and all-new models), eg Xia (D-segment MPV), Han L (C-segment sedan), Fangchengbao Titanium 3 (B-segment SUV) and Denza N9 (D-segment SUV).

BYD is penetrating overseas markets via exports and local production. We estimate BYD's 2025-27 overseas sales at 0.8m units/1.2m units/1.6m units respectively, implying a 55% three-year CAGR. The share of overseas sales in BYD's total sales volume could rise from 10% in 2024 to 13%/17%/20% in 2025/26/27 respectively. The buoyant growth will be driven by the: a) introduction of more models into overseas markets (eg Sealion 7); b) expansion of overseas distribution networks; and c) launches of new plants in overseas countries, eg Thailand (Jul 24), Indonesia, Vietnam, Hungary, Brazil.

- **New H-share placing to build war chest for overseas expansion.** BYD just issued 129,800,000 new H-shares at HK\$335.20/share to raise HK\$43,383 in proceeds for overseas expansion. Taking the newly-raised capital from the placing into account, BYD should have more than Rmb100b in net cash currently.
- **Lift our assumptions on 2025-26 net profit per vehicle by 19%/32% to Rmb8,370/Rmb8,430 respectively, and introduce our 2027 assumption of Rmb8,520,** based on upbeat margins in 4Q24 and positive management guidance. Management targets steady net profit per vehicle over the next 2-3 years on the back of improving economies of scale, increasing vertical integration and launches of new technologies.

EARNINGS REVISION/RISK

- **Raise our 2025-26 net profit forecasts by 18%/14% to Rmb55,813m/Rmb65,733m respectively, and introduce our 2027 net profit forecast of Rmb75,817m.** Our 2025-27 earnings estimates imply a 23% three-year CAGR from 2024 to 2027, roughly on a par with consensus estimates.

RISKS

- **Geopolitics.** BYD may face regulatory hurdles in penetrating into some overseas markets due to geopolitical reasons.
- **Government subsidies.** BYD registered Rmb10.4b in government subsidies in 2024. In case of subsidy cut, BYD's 2025-27 profit would be lower than we expect.
- **Large scale recalls.**

VALUATION/RECOMMENDATION

- **Maintain BUY and raise target price from HK\$410.00 to HK\$510.00,** based on higher earnings in our 10-year DCF model (WACC: 11%, terminal growth: 4%). Our new target price of HK\$510.00 implies 25x 2025F PE.

PROFIT & LOSS

Year to 31 Dec (Rmbm)	2024	2025F	2026F	2027F
Net turnover	777,102	1,024,500	1,220,280	1,432,575
EBITDA	119,783	122,291	143,458	164,575
Depreciation & amortization	(66,906)	(55,906)	(66,032)	(76,333)
EBIT	52,877	66,385	77,426	88,242
Total other non-operating income	(4,272)	-	-	-
Associate contributions	2,291	1,700	1,900	2,100
Net interest income/(expense)	(1,216)	967	1,999	3,459
Pre-tax profit	49,681	69,052	81,325	93,801
Tax	(8,093)	(11,394)	(13,419)	(15,477)
Minorities	(1,334)	(1,845)	(2,173)	(2,506)
Net profit	40,254	55,813	65,733	75,817
Net profit (recurrent)	38,515	53,613	63,533	73,617

CASH FLOW

Year to 31 Dec (Rmbm)	2024	2025F	2026F	2027F
Operating	133,454	102,406	180,735	204,508
Pre-tax profit	49,681	69,052	81,325	93,801
Tax	(8,093)	(11,394)	(13,419)	(15,477)
Depreciation/amortization	66,906	55,906	66,032	76,333
Associates	(2,299)	(1,700)	(1,900)	(2,100)
Working capital changes	21,878	(8,491)	50,695	55,410
Non-cash items	5,380	(967)	(1,999)	(3,459)
Other operating cashflows	-	-	-	1
Investing	(129,082)	(97,212)	(106,181)	(114,721)
Capex (growth)	(97,360)	(100,000)	(110,000)	(120,000)
Investments	(3,666)	-	-	-
Proceeds from sale of assets	1,218	-	-	-
Others	(29,275)	2,788	3,819	5,279
Financing	(10,268)	26,602	(18,565)	(21,541)
Dividend payments	(10,051)	(13,898)	(18,565)	(21,541)
Issue of shares	98	40,500	-	-
Proceeds from borrowings	37,664	30,000	30,000	30,000
Loan repayment	(50,104)	(30,000)	(30,000)	(30,000)
Others/interest paid	12,126	-	-	-
Net cash inflow (outflow)	(5,896)	31,796	55,990	68,246
Beginning cash & cash equivalent	108,512	102,257	134,053	190,042
Changes due to forex impact	(359)	-	-	-
Ending cash & cash equivalent	102,257	134,053	190,042	258,289

BALANCE SHEET

Year to 31 Dec (Rmbm)	2024	2025F	2026F	2027F
Fixed assets	292,817	341,380	390,488	439,964
Other LT assets	119,967	117,198	113,958	110,249
Cash/ST investment	102,257	134,053	190,042	258,289
Other current assets	268,316	415,053	480,610	551,985
Total assets	783,356	1,007,684	1,175,098	1,360,487
ST debt	22,326	22,326	22,326	22,326
Other current liabilities	473,659	611,906	728,158	854,943
LT debt	18,134	18,134	18,134	18,134
Other LT liabilities	70,549	70,549	70,549	70,549
ShareBUYers' equity	185,251	269,487	318,477	374,574
Minority interest	13,437	15,282	17,455	19,962
Total liabilities & equity	783,356	1,007,684	1,175,098	1,360,487

KEY METRICS

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	15.4	11.9	11.8	11.5
Pre-tax margin	6.4	6.7	6.7	6.5
Net margin	5.2	5.4	5.4	5.3
ROA	5.3	6.0	5.8	5.8
ROE	23.8	23.6	21.6	21.2
Growth				
Turnover	29.0	31.8	19.1	17.4
EBITDA	49.0	2.1	17.3	14.7
Pre-tax profit	33.3	39.0	17.8	15.3
Net profit	34.0	38.7	17.8	15.3
Net profit (adj.)	38.4	39.2	18.5	15.9
EPS	33.8	32.7	17.8	15.3
Leverage				
Debt to total capital	5.2	4.0	3.4	3.0
Debt to equity	21.8	15.0	12.7	10.8
Net debt/(cash) to equity	(33.6)	(34.9)	(47.1)	(58.3)
Interest cover (x)	43.5	(68.6)	(38.7)	(25.5)

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