

COMPAY RESULTS

BYD Company (1211 HK)

1Q25: Earnings Double yoy, In Line

BYD's 1Q25 net profit came in as expected at Rmb9,155m (+100% yoy/-39% qoq). The buoyant earnings growth was driven by a 60% yoy sales volume growth and a 41% yoy spike in net profit per vehicle. Looking ahead, BYD's earnings will be driven by new product launches and expansion in overseas markets. We maintain our 2025-27 net profit forecasts at Rmb55.8b/Rmb65.7b/Rmb75.8b respectively. Maintain BUY. Target price: HK\$510.00.

1Q25 RESULTS

Year to 31 Dec (Rmbm)	1Q25	yoy % chg	qoq % chg	2024	yoy % chg	Comments
Sales volume ('000 units)	1,001	59.8	(37.4)	6,000	40.4	In line
Net profit per vehicle (Rmb'000)	8.4	41.1	(5.2)	8.4	(0.6)	In line
Revenue	170,360	36.3	(38.0)	1,024,500	31.8	In line
Gross profit	34,185	25.0	(26.9)	197,521	30.8	Beat
Gross margin (%)	20.1	(1.8)	3.1	19.3	(0.2)	Beat
EBIT	8,876	61.8	(55.2)	66,385	25.5	Miss
EBIT margin (%)	5.2	0.8	(2.0)	6.5	0.7	Miss
Net profit	9,155	100.4	(39.0)	55,813	38.7	In line
Net profit (adj.)	8,172	117.8	(40.7)	53,613	39.2	In line
Net margin (%)	5.4	1.7	(0.1)	5.4	0.2	In line
Core net margin (%)	4.8	1.8	(0.2)	5.2	0.3	Slight miss
Operating cash flow	8,581	(16.1)	(88.9)	102,406	(23.3)	In line
Free cash flow	(28,979)	82.6	n.a.	2,406	(93.3)	Miss

Source: BYD, UOB Kay Hian

RESULTS

• **1Q25 earnings doubled yoy, in line.** BYD Company's (BYD) 1Q25 net profit came in as expected at Rmb9,155m (+100% yoy/-39% qoq), at the mid-point of its guided range of Rmb8.5b-10b. The buoyant earnings growth was driven by a 60% yoy sales volume growth and a 41% yoy spike in net profit per vehicle. Revenue grew 36% yoy to Rmb170.36b in 1Q25, representing 17% of our estimated full-year 2025 revenue of Rmb1,024.5b. Gross margin fell 1.8ppt yoy to 20.1% in 1Q25, above our assumption of 19.3% for full-year 2025. SG&A/revenue ratio and R&D/revenue ratio respectively dipped 0.8ppt/0.1ppt yoy to 6.5%/8.3% in 1Q25. This boosted EBIT margin up by 0.8ppt yoy to 5.2% yoy, still below our estimate of 6.5% for full-year 2025. However, net finance income surged by 884% yoy to Rmb1.91b in 1Q25 due to forex gains. As such, net margin rose by 1.7ppt yoy to 5.4%, on a par with our full-year 2025 estimate.

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)	34.9	26.1	19.7	16.7	14.5
P/B (x)	7.6	5.7	4.1	3.4	2.9
EV/EBITDA (x)	12.3	8.2	8.1	6.9	6.0
Dividend yield (%)	0.9	1.1	1.5	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	-	-	54,945	66,333	78,090
UOBKH/Consensus (x)	-	-	1.02	0.99	0.97

Source: BYD, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	HK\$397.00
Target Price	HK\$510.00
Upside	+28.5%

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):	1,206,509
Market cap (US\$m):	154,681
3-mth avg daily t'over (US\$m):	735

Price Performance (%)

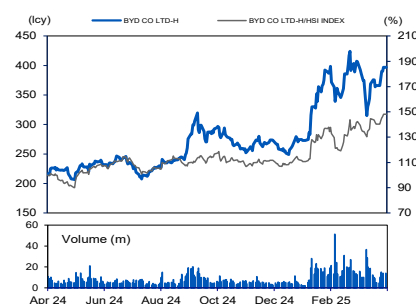
52-week high/low HK\$426.60/HK\$200.40

1mth	3mth	6mth	1yr	YTD
2.0	44.7	35.7	94.8	48.9

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 shrank in 1Q25, but cash enriched by new share placing.** Despite earnings growth, operating cash flow dropped 16% yoy to Rmb8.6b in 1Q25, as inventory days and receivable days increased from 48 days/30 days as of 31 Dec 24 to 91 days/35 days as of 31 Mar 25. Capex spiked 43% yoy to Rmb37.28b in 1Q25 due to the construction of new plants. As such, free cash flow turned from positive Rmb49.2b in 4Q24 into negative Rmb29b in 1Q25, vs negative Rmb15.9b in 1Q24. However, net cash balance increased by 22% from Rmb62.78b as of 31 Dec 24 to Rmb76.28b as of 31 Mar 25, as BYD raised more than Rmb40b in proceeds from placing 129.8m H-shares at HK\$335.20/share in Mar 25.

STOCK IMPACT

- **Earnings driven by strong product pipelines and overseas expansion.** Ytd, BYD has launched two prominent technologies – DiPilot advanced driver assist system (ADAS) and Megawatt Flash Charging Technology – that will be installed in most of its new models. BYD plans to roll out 20 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), Denza N9 (D-segment SUV), etc.

BYD is penetrating overseas markets via exports and local production. We expect BYD's 2025-27 overseas sales to come in 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 will probably rise from 10% in 2024 to 13%/17%/20% in 2025/26/27 respectively. The buoyant growth will be driven by: a) the introduction of more models into the overseas markets (eg Sealion 7), b) the expansion of overseas distribution networks, and c) the launches of new plants in overseas countries, eg Thailand (Jul 24), Indonesia, Vietnam, Hungary, Brazil.

- **Maintain 2025-27 sales volume estimates at 6.0m/7.0m/8.0m units respectively,** based on intact sales ytd and management's optimistic guidance. This implies 23% three-year CAGR from 2024 to 2027. BYD's sales volume surged 60% yoy to 1m units in 1Q25, in line with 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.
- **Maintain assumptions on 2025-27 net profit per vehicle at Rmb8,370/Rmb8,430/Rmb8,520 respectively,** based on upbeat margins in 1Q25 and management's positive 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

- **Maintain 2025-27 net profit forecasts at Rmb55.8b/Rmb65.7b/Rmb75.8b respectively,** implying 23% three-year CAGR from 2024 to 2027, roughly on a par with consensus estimates.

VALUATION/RECOMMENDATION

- **Maintain BUY and keep target price at HK\$510.00,** based on our 10-year DCF model (WACC: 11%, terminal growth: 4%). Our target price of HK\$510.00 implies 25x 2025F PE.
- **Target price subject to revision pending to a 1-for-3 stock split.** On 22 Apr 25, BYD proposed a 1-for-3 stock split, which will be subject to shareholder approval. Once the stock split takes effect, we would revise down 2025-27 EPS by two-thirds to Rmb6.12/Rmb7.21/Rmb8.32 respectively given the increased number of shares. For the same token, we would also need to revise down the target price from HK\$510.00 to HK\$170.00.

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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