BYD Company Ltd

Exports and Charging Business as long-term drivers

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Company Overview

BYD's main businesses include the development, manufacturing and sales of new energy vehicles (NEV) under the Dynasty, Ocean, Denza, Yangwang and Fangchengbao auto brands. These automobiles are classified under the Tang, Han, Qin, Song, BYD Seal, BYD Dolphin and etc. In addition, the company also produces rechargeable batteries as well as provide handset and component assembly services for global/domestic mobile phone companies such as Samsung, Huawei, LG, Vivo, etc. In 2017, the company started the monorail business and it is expected to become a future revenue contributor.

Investment Overview

Promising global expansion amidst near-term earnings pressure. BYD, the largest EV company globally, reported soft FY25 results, with adj. net profit falling 19% y/y to RMB32.6bn, 8% below consensus on softer volumes and margins. Subsidy scale-back is weighing on near-term demand (2M26 volume -36% y/y), but recovery should begin from 2Q26, supported by new 2026 model launches and the next-generation God's Eye rollout in May. Global expansion remains the key driver, with company targeting overseas sales to grow 50% y/y to 1.5mn in 2026. We expect exports to increasingly offset domestic weakness and anchor medium-term growth.

Localisation underpins sustained export growth. While 2M26 domestic sales saw a 60% y/y slump due to subsidy scale back, overseas volumes rose 51% y/y to 201k units over the same period. This strength is driven by ongoing localisation efforts, with production facilities being established across Thailand, Malaysia, Indonesia, Brazil and Hungary. These initiatives should support long-term international expansion and help offset softer domestic demand.

Fast Charging Business Accelerates. During analyst briefing, chairman emphasised on BYD's Mar 2026 launch of the second-generation Blade Battery and Flash Charging technology, achieving the world's fastest EV charging with significant/full charge in 5/9 minutes respectively. The company also plans to build 20,000 fast charging stations across China by year-end, to eliminate consumer's range anxiety for BEVs. With BYD's focus and vision of developing "global photovoltaic + storage + charging" ecosystem in 2026, it aims to deliver solar electricity at a much cheaper price of roughly 0.2 RMB/kWh in the long-term, pushing for fast sustainable energy development globally.

Maintain BUY and revised down TPs to HKD 135/RMB 125 (prev HKD 140/RMB 130). Our TPs are based on SOTP: applying 9x/8x FY26F EV/EBITDA for the auto/handset assembly business and 2x P/BV for other operations. While we believe domestic sales pressure will continue weigh on BYD's near-term earnings growth, the growth levers from international expansion and charging technology innovation should support valuation upside. Maintain BUY on BYD.

Risks

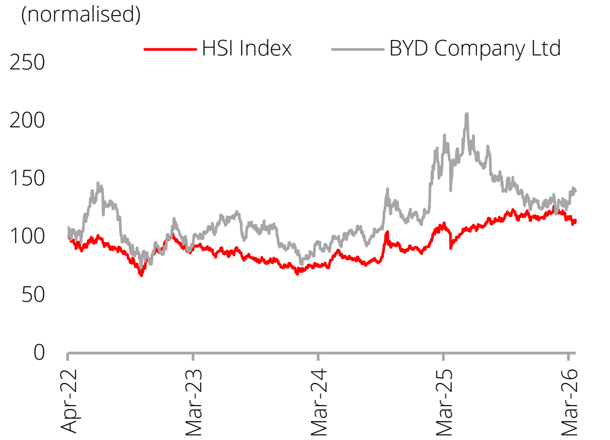
Slowdown in the Chinese auto market and weak overseas demand could earnings recovery.

Key Financial Data

Bloomberg Ticker	1211 HK
Sector	Automobiles & Components
Share Price (HKD)	105.80
DBS Rating	BUY
12-mth Target Price (HKD)	135.00
Market Cap (USD bn)	113.4
Volume (m shares)	371.6
Dividend yield (%)	1.1
Fwd. P/E (x)	21.0
P/Book (x)	3.5
ROE (%)	15.1

Closing Price as of 31 Mar 2026
Source: Bloomberg, DBS

Indexed Share price vs Composite Index Performance



Source: Thomson Reuters

Financial Summary (CNYmn)

FY Jun	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)	FY2028(F)
Sales	777,102	803,965	857,925	941,924	1,022,516
% y/y	*127.1*	*68.9*	*131.1*	*9.8*	*8.6*
Gross Profit	151,056	142,660	158,076	176,959	194,074
% y/y	*120.9*	*42.9*	*159.7*	*11.9*	*9.7*
EBITDA	113,851	114,230	133,393	157,421	180,990
% y/y	*nm*	*nm*	*nm*	*18.0*	*15.0*
Net Profit (Loss)	40,254	32,619	38,297	45,475	52,959
% y/y	*110.9*	*22.5*	*146.9*	*18.7*	*16.5*
FCF	36,094	(97,672)	18,521	23,388	47,371
% y/y	*nm*	*nm*	*nm*	*26.3*	*102.5*
CAPEX	(97,360)	(156,808)	(94,000)	(94,000)	(94,000)
% y/y	*nm*	*nm*	*nm*	*0.00*	*0.00*
EBITDA Margin (%)	14.7	14.2	15.5	16.7	17.7
Net Margin (%)	5.2	4.1	4.5	4.8	5.2
ROA (%)	5.5	3.9	4.2	4.5	4.8
ROE (%)	24.8	15.1	14.7	14.5	14.2
Tax Rate (%)	16.3	15.1	15.0	15.0	15.0

Source: DBS

Valuation Metrics

FY Jun	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)	FY2028(F)
PE (x)	20.9	25.8	22.0	18.5	15.9
P/B (x)	4.5	3.4	3.1	2.4	2.2
Dividend Yield (%)	1.4	1.2	1.4	1.6	1.9
EV/EBITDA (x)	6.4	7.2	6.3	5.2	4.5
FCF Yield (%)	4.9	nm	2.2	2.9	5.9
Net DPS (HKD)	1.4	1.2	1.4	1.7	2.0
BV Per Share (HKD)	21.8	30.4	34.5	44.2	49.2

Source: DBS

Credit & Cashflow Metrics

FY Jun	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)	FY2028(F)
Debt / Equity (x)	0.1	0.4	0.4	0.3	0.3
Net Debt / Equity (x)	cash	cash	cash	cash	cash
Debt / Assets (x)	0.0	0.1	0.1	0.1	0.1
EBITDA / Int Exp (x)	nm	nm	44.7	43.8	52.7
Debt / EBITDA (x)	0.2	0.9	0.8	0.8	0.7
Receivables Days	31.6	26.2	20.3	23.2	26.7
Days Payable	144.4	141.9	127.3	125.3	124.3
Inventory Days	66.5	79.7	90.4	100.2	112.1

Source: DBS

Target Price & Ratings History

Note: Share price and Target price are adjusted for corporate actions

S.No.	Date	Closing Price	Target Price	Rating
1	29-Apr-25	HKD127.07	HKD164.00	BUY
2	1-Sep-25	HKD114.40	HKD150.00	BUY
3	3-Nov-25	HKD104.20	HKD140.00	BUY
4	31-Mar-26	HKD105.80	HKD135.00	BUY

Source: DBS

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**Share price appreciation + dividends*

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