

Sunny Optical (02382.HK)

A full-year positive profit alert announced, and the premiumization of mobile products is expected to continue
China | Technology

17 Mar 2025

Company profile

Sunny Optical Technology, founded in 1984, is a leading global manufacturer of optical components and products. Specializing in optical and optoelectronic product design, R&D, production, and sales, its key offerings include optical components (mobile phone lenses, automotive lenses, surveillance lenses, etc.), optoelectronic products (mobile phone camera modules, 3D optoelectronic modules, automotive modules), and optical instruments (microscopes, smart inspection equipment).

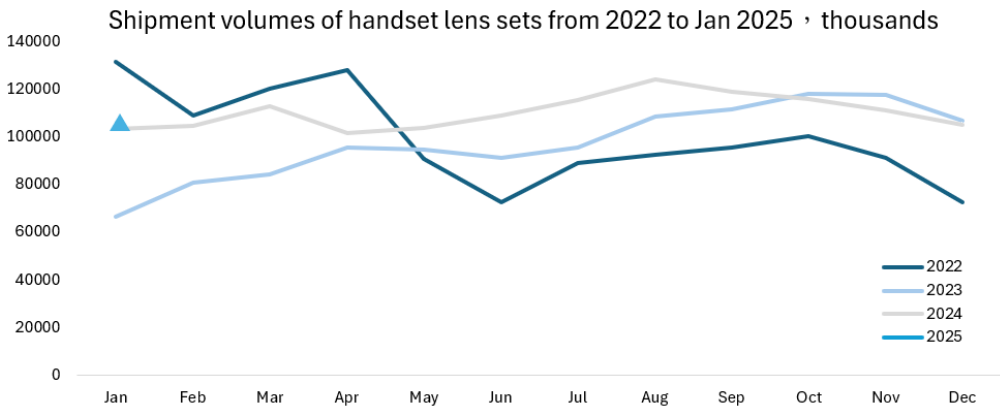
Positive profit alert for 2024

The company has issued a positive profit alert for 2024, expecting full-year net profit to reach RMB 2.64–2.75 billion, marking a YoY growth of 140.0%–150.0%, slightly exceeding market expectations. This growth is primarily driven by the recovery of the global smartphone market, with shipments rising to 1.22 billion units, strong demand for high-end models, and AI integration in smartphone hardware, resulting in a 13.1% YoY increase in mobile phone lens shipments and improved product mix, boosting ASP and gross margins. Additionally, the development of intelligent driving assistance systems increased the adoption rate of automotive lenses, with the company’s total automotive lens shipments reaching 102 million units, a 12.7% YoY increase, meeting the previous guidance.

In 1H 2024, the company achieved revenue of RMB 18.86 billion (+32.1% YoY) and net profit of RMB 1.08 billion (+147.1% YoY), with robust growth across smartphone, automotive, and AR/VR businesses. Optical components revenue grew to RMB 5.48 billion (+26.9% YoY), while optoelectronic products revenue reached RMB 13.19 billion (+35.5% YoY), driven by higher sales of smartphone camera and automotive modules.

Smartphone: focus on high-end products and product mix optimization

The recovery in the smartphone segment prompted a 13.1% YoY growth in smartphone lens shipments (1.32 billion units, greater than the previous guidance) but a 5.9% decline in smartphone camera module shipments (530 million units, a bit smaller than the previous guidance) due to a strategic shift away from low-end products. The improved product mix is expected to enhance ASP and gross margins, with projected 2024 full-year revenue of RMB 12.19 billion for optical components and RMB 23.84 billion for optoelectronic products. The integration of AI in smartphones is driving smarter and more personalized devices, stimulating replacement demand and accelerating camera upgrades, creating new opportunities for the camera module supply chain.



Accumulate

CMP HKD 88.20
(Closing price as of 11 Mar 2025)
Target HKD 97.32 (+10.34%)

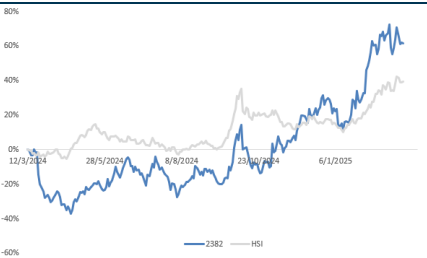
COMPANY DATA

O/S SHARES (MN) :	1,095
MARKET CAP (HKD BN) :	96.23
52 - WK HI/LO (HKD):	96.15/33.08

SHARE HOLDING PATTERN, %

Sun Ji Limited	35.54%
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PRICE VS. HSI



Source: Phillip Securities (HK) Research

KEY FINANCIALS

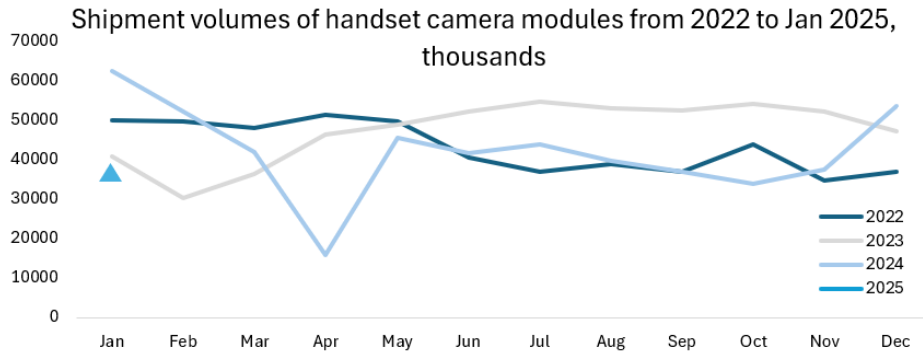
RMB mn	FY23	FY24E	FY25E	FY26E
Revenue	31,681	36,512	42,536	48,193
Net profit	1,150	2,495	3,303	4,075
EPS	1.05	2.28	3.02	3.72
P/E ratio, x	78.21	35.99	27.19	22.04
P/B ratio, x	4.0	3.3	2.7	2.3
Dividend Yield, %	0.31%	0.25%	0.00%	0.00%

Source: Company reports, Phillip Securities Est.

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Automotive: Strong development of new energy vehicles drives further expansion of optical product applications

According to data from the China Association of Automobile Manufacturers, in 2024, the production and sales of new energy vehicles reached 12.89 million and 12.87 million units, respectively, representing year-on-year growth of 34.4% and 35.5%. The sales of new energy vehicles accounted for 40.9% of total new vehicle sales, an increase of 9.3 percentage points compared to 2023. With the ongoing electrification, digitalization, and intellectualization of the automotive industry, the demand for cameras in intelligent driving and cabin sensing systems continues to grow, creating new opportunities for manufacturers. Additionally, market requirements for the performance and quantity of perception hardware such as in-vehicle cameras and LiDAR are increasing, further driving the expansion of optical product applications. Furthermore, in February 2025, BYD launched its "Mass Intelligent Driving" strategy, making intelligent driving systems standard across its 100,000/150,000/200,000 RMB vehicle models, with partial adoption in models below 100,000 RMB. We believe this strategy may lead a new wave of industry competition in configurations, and the company, as a leader in in-vehicle lenses, stands to benefit from the penetration of intelligent driving solutions in lower-tier markets and the advancement of high-end intelligent driving.

Company valuation

Considering the recovery in consumer electronics demand and the company's continued push towards high-end smartphone products, which is expected to optimize product portfolio, coupled with the growth in automotive products driven by the penetration of intelligent driving, we anticipate revenue growth. Therefore, we forecast the company's revenue for 2024-2026 to be 36.51/42.54/48.19 billion RMB, with net profits attributable to the parent company of 2.43/3.19/3.94 billion RMB, corresponding to EPS of 2.28/3.02/3.72 RMB. The current stock price corresponds to a PE ratio of 36.0/27.2/22.0x. Overall, given the company's solid leading position, we apply a valuation slightly above the industry average, at 30 times the 2025 PE, resulting in a target price of 97.32 HKD per share. We initiate coverage with an "Accumulate" rating.

Exchange rate: HKD/RMB=0.93

Risk factors

1) The recovery in demand for the smartphone market falls short of expectations; 2) Delays in the delivery of automotive-related projects; 3) Intensified competition in the lens industry.

Financials

Consolidated Statement of Profit or Loss

Dec Y/E, USD mn	2022	2023	2024E	2025E	2026E
REVENUE	33197	31681	36512	42536	48193
Cost of services	-26592	-27091	-29988	-34588	-38876
Gross profit	6605	4590	6523	7947	9316
Selling, administrative and general expenses	-1281	-1425	-1642	-1871	-2071
Research and development expenditure	-2803	-2566	-2958	-3446	-3904
Finance costs	-293	-449	-518	-518	-518
Profit before income tax and share of results of equity investees	2715	1358	2819	3670	4528
Income tax expenses	-241	-208	-324	-367	-453
Net profit	2474	1150	2495	3303	4075
Profit attributable to:					
– Equity holders of the Company	2408	1099	2425	3194	3940
– Non-controlling interests	66	51	70	109	135

Consolidated Statement of Financial Position

Dec Y/E, USD mn	FY22	FY23	FY24E	FY25E	FY26E
Current assets					
Accounts receivable	7205	7855	9003	10488	11883
Cash and cash equivalents	7033	13085	18837	23728	27947
Inventory	4721	5137	5575	6431	7228
Others	11686	9068	10418	10501	9985
Total current assets	30646	35144	43833	51148	57043
Non-current assets					
PPE	10120	9927	10096	10746	12549
Others	2236	5226	4343	4437	4552
Total non-current assets	12356	15153	14439	15184	17102
Total Assets	43001	50297	58272	66332	74145
Current liabilities					
Accounts payable	12917	20325	22512	23368	24427
Others	6420	962	1397	1648	1924
Total current liabilities	19337	21287	23909	25016	26350
Non-current liabilities					
Long-term debt	123	138	154	174	195
Others	1359	5991	6291	6724	7240
Total non-current liabilities	1482	6129	6446	6898	7435
Total liabilities	20819	27415	30355	31914	33785
Equity attributable to equity holders of the Company	21838	22423	27358	33728	39551
Non-controlling interests	344	459	560	690	809
Total equity	22182	22882	27917	34418	40360
Total liabilities and equity	43001	50297	58272	66332	74145

Consolidated Statement of Cash Flow

Dec Y/E, USD mn	2022	2023	2024E	2025E	2026E
CFO	7377	2664	6475	5253	6319
Net profit	2715	1358	2819	3670	4528
Depreciation and Amortization	1814	1948	2625	2656	2535
Change in working capital	2730	-553	669	-1491	-1136
Others	119	-89	362	418	393
CFI	-1488	-3834	-2316	-1722	-3283
Short term and long term investment, net	280	-1230	9	986	90
Purchase of property, equipment and intangible assets	-1768	-2604	-2324	-2708	-3373
CFF	-2159	4858	1270	993	731
Cash paid for distribution of dividends	-1059	-517	-896	-1180	-1455
Cash received from financing	-1100	5375	2165	2172	2186
Effect of exchange rate changes on cash	44	17	0	0	0
Net Change in Cash	1384	6034	5753	4890	4220
Cash, CE and Restricted cash at Beg	5605	7033	13085	18837	23728
Cash, CE and Restricted cash at Y/E	7033	13085	18837	23728	27947

Key Financial Data

Dec Y/E	FY22	FY23	FY24E	FY25E	FY26E
Valuation Ratio					
P/E ratio	36.2	77.9	35.8	27.1	21.9
Dividend Yield, %	0.54%	0.31%	0.25%	0.00%	0.00%
Per share data					
EPS	2.26	1.05	2.28	3.02	3.72
BVPS	19.9	20.4	25.0	30.8	36.1
Growth & Margin					
Growth					
Revenue Growth	-11.47%	-4.57%	15.25%	16.50%	13.30%
Gross Profit Growth	-24.40%	-30.50%	42.11%	21.83%	17.22%
EBIT Growth	-51.82%	-49.98%	107.57%	30.18%	23.37%
Net Profit Growth	-51.06%	-53.51%	116.93%	32.36%	23.37%
Margin					
Gross Profit Margin	19.90%	14.49%	17.87%	18.68%	19.33%
EBIT Margin	8.18%	4.29%	7.72%	8.63%	9.39%
Net Profit Margin	7.45%	3.63%	6.83%	7.77%	8.46%
Key Ratios					
ROE	10.85%	4.80%	8.69%	9.28%	9.76%
ROA	5.60%	2.19%	4.16%	4.81%	5.31%

Current Price as of: Mar 11

Source: PSHK Est.

PHILLIP RESEARCH STOCK SELECTION SYSTEMS

Total Return	Recommendation	Rating	Remarks
>+20%	Buy	1	>20% upside from the current price
+5% to +20%	Accumulate	2	+5% to +20% upside from the current price
-5% to +5%	Neutral	3	Trade within $\pm 5\%$ from the current price
-5% to -20%	Reduce	4	-5% to -20% downside from the current price
<-20%	Sell	5	>20% downside from the current price

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

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