



China | TMT

18 September 2025

Sunny Optical (2382 HK)

Improving profitability on better product mix

1H25 revenue and NP up by 4%/53% YoY on higher GPM

Sunny Optical's 1H25 revenue was up by 4.2% YoY to Rmb19.65bn, driven by i) 1.7% YoY increase in handset segment (HLS/HCM) to Rmb13.2bn on better product mix with higher ASP; ii) 18.2% YoY increase in vehicle segment (VLS/vehicle modules) to Rmb3.4bn on rising ADAS adoption with VLS shipment up 21.7% YoY; and iii) 21.1% YoY increase in XR segment on rising demand for smart glass products. Overall GPM was up by 2.6ppt YoY to 19.8% on the back of margin improvements in HLS/HCM and also faster revenue growth rate of higher margin vehicle segment. On the cost side, R&D expense was up by 11.3% YoY with higher R&D for vehicle, XR, pan-IoT and smartphone related biz. S&D expense down by 18.5% YoY on less marketing activities, while admin expense was up by 5.2% YoY, similar to revenue growth. As a result, 1H25 NP surged by 52.6% YoY to Rmb1.65bn, with NPM up 2.7ppt YoY to 8.4%. No interim dividend was declared (1H24: nil).

Handset segment – Expects HoH revenue increase in 2H25

In the first 8 months of 2025, Shipment of HLS was down by 7.6% YoY while HCM was down by 16.0% YoY. Although shipment has declined YoY, handset segment's product mix has improved. ASP of HLS and HCM both increased by 20% YoY, resulting in GPM expansion. Revenue from 6 pieces and above HLS increased by over 9% YoY, and that from glass-plastic hybrid HLS increased by over 100% YoY. Large image size HCM also up by 20% YoY in sales. Mgmt guided FY25 revenue from handset segment would increase by 5%-10%, indicating a significant HoH sales increase in 2H25 amid more premium handsets from different brands are expected to launch during the period, resulting in sales, ASP and GPM improvement.

Vehicle segment – Benefit from increasing ADAS penetration

VLS shipment increased by 22.3% YoY 8MFY25, and mgmt expects full year revenue growth for the segment would be >20% YoY, on the back of higher ADAS penetration and pixel migration. The company continued to deepen its cooperation with mainstream intelligent driving platform providers such as Horizon Robotics, QUALCOMM, Mobileye and NVIDIA to expand its vehicle module product portfolio, and also accelerated its expansion into overseas markets and newly obtained an 8MP vehicle module designated project from a top European automaker during the period. The company maintains its global number 1 position in VLS with >30% market share, and it is well positioned to benefit from the widespread adoption of intelligent driving technology. With LiDAR's increasing importance in L3 and above driving system, Sunny already obtained over Rmb1.5bn for LiDAR designated projects.

Maintain our BUY rating, raise TP to HK\$105

AR/VR business revenue accounted for 6.3% of total revenue in 1H25, up from 5.1% in 1H24. Sunny's market share of imaging modules for smart glasses maintains global No 1, and mgmt. maintained its full year flattish sales guidance in XR segment, as VR growth to be offset by AR growth. We slightly increase our FY25/26/27 NP forecasts by 2.2%/0.5%/1.0% on better-than-expected ASP and GPM. We maintain our BUY rating on the counter and raise TP from HK\$100 to HK\$105.

Summary financial data

Year to Dec 31 (Rmb mn)	2023A	2024A	2025E	2026E	2027E
Revenue	31,681	38,294	44,461	49,613	55,472
Gross profit	4,590	7,006	8,391	9,523	10,807
Net profit	1,099	2,699	3,506	4,151	4,851
YoY Growth	-54.3%	145.5%	29.9%	18.4%	16.9%
EPS (CNY)	1.004	2.465	3.203	3.791	4.431
P/E (x)	74.1	30.2	23.2	19.6	16.8
P/B (x)	3.56	3.22	2.88	2.56	2.27
Dividend Yield (%)	0.3	0.7	0.9	1.0	1.2
ROE (%)	5.0	11.4	13.4	14.1	14.6
Net debt / equity (%)	Net cash	7	2	Net cash	Net cash

Source: Company data, Crosby Securities

BUY

Last Price (HK\$)*	81.90
Target Price (HK\$)	105.00
Upside / (Downside)(%)	28.2%
Previous rating	BUY
Previous TP	100.00
Hang Seng Index*	26,542.28
* Prices as of	18-Sep-25

Key Data

Ticker	2382 HK
Market Cap (HK\$m)	89,665
3M avg daily T/O (HK\$m)	821.4
52-week High (HK\$)	96.15
52-week Low (HK\$)	43.65
Free Float (%)	61.2%
Shares O/S (m)	1,094.8

Performance	Absolute	Relative
1 month	8.6%	3.0%
3 months	25.1%	11.8%
6 months	-7.4%	-13.7%

Price Chart

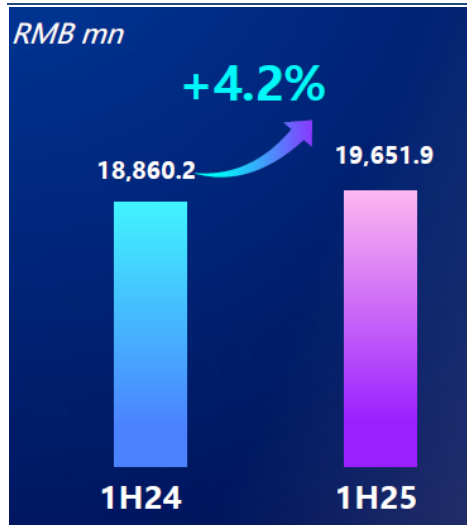


Source: Bloomberg

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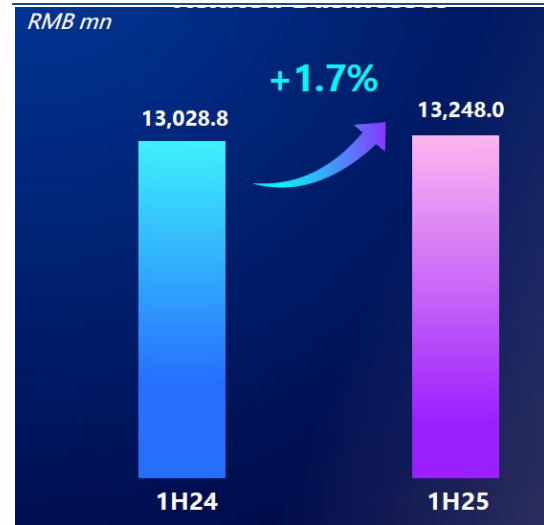
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Figure 1 Total Revenue



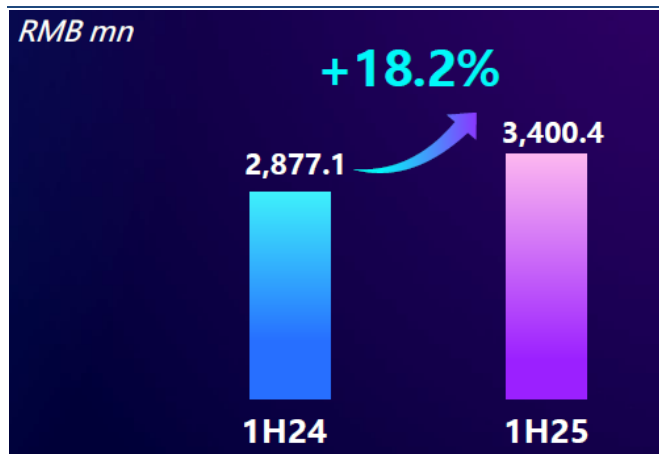
Source: Company data, Crosby Securities

Figure 2 Handset related business



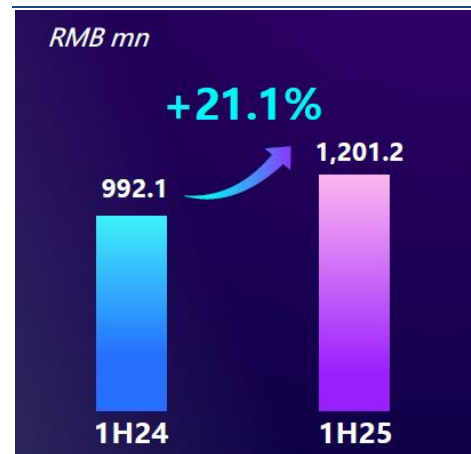
Source: Company data, Crosby Securities

Figure 3 Revenue from Vehicle related business



Source: Company data, Crosby Securities

Figure 4 Revenue from XR related business



Source: Company data, Crosby Securities

Figure 5 XR business – Smart Glasses market outlook (2024-2035E)



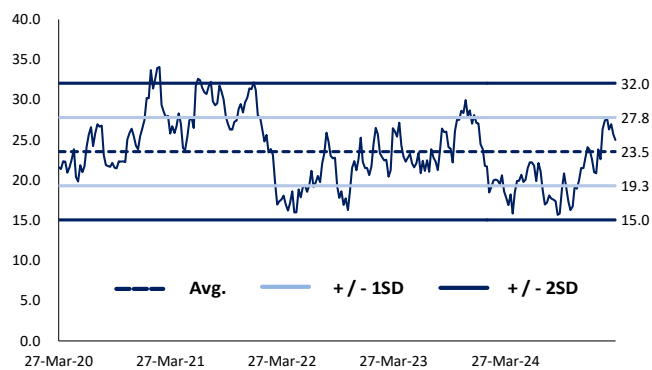
Source: IDC and WellsennXR, Crosby Securities

Figure 6 Sunny Optical – Production Bases and Regional Platforms



Source: Company data, Crosby Securities

Figure 7 Historical 5-year forward PE range



Source: Bloomberg, Crosby Securities

Figure 8 Historical 5-year forward PB range



Source: Bloomberg, Crosby Securities



Summary financials

Year ended 31 Dec	2023A	2024A	2025F	2026F	2027F
Profit & Loss (RMBm)					
Optical Components	9,555	11,708	14,179	16,216	18,803
YoY%	0.9	22.5	21.1	14.4	16.0
Optoelectronic Products	21,599	26,157	29,776	32,839	36,054
YoY%	(7.4)	21.1	13.8	10.3	9.8
Optical Instruments	527	430	506	557	615
YoY%	30.5	(18.4)	17.7	10.3	10.3
Turnover	31,681	38,294	44,461	49,613	55,472
YoY%	(4.6)	20.9	16.1	11.6	11.8
COGS	-27,091	-31,288	-36,070	-40,089	-44,665
Gross profit	4,590	7,006	8,391	9,523	10,807
Margin	14.5%	18.3%	18.9%	19.2%	19.5%
Selling & distribution	-415	-439	-489	-546	-582
Admin	-1,010	-1,399	-1,356	-1,513	-1,692
R&D	-2,566	-2,924	-3,335	-3,721	-4,105
Other opex	253	530	400	447	499
Total opex	-3,738	-4,233	-4,780	-5,333	-5,880
YoY%	(6.4)	13.2	12.9	11.6	10.2
Operating profit	852	2,773	3,611	4,190	4,927
Margin	2.7%	7.2%	8.1%	8.4%	8.9%
Other income / (exp)	933	752	737	792	792
Finance costs	-449	-499	-467	-385	-344
Associates' income	23	118	137	153	171
Pre-tax profit	1,358	3,144	4,019	4,751	5,547
Tax	-208	-367	-422	-499	-582
Profit after tax	1,150	2,777	3,597	4,252	4,964
Margin	3.6%	7.3%	8.1%	8.6%	8.9%
Minority Interest	-51	-78	-90	-101	-113
Net profit	1,099	2,699	3,506	4,151	4,851
YoY%	(54.3)	145.5	29.9	18.4	16.9
Margin	3.5%	7.0%	7.9%	8.4%	8.7%
Non-core items adj.	0	0	0	0	0
Core profit	1,099	2,699	3,506	4,151	4,851
YoY%	(54.3)	145.5	29.9	18.4	16.9
Margin	3.5%	7.0%	7.9%	8.4%	8.7%
EBITDA	3,423	5,611	6,745	7,663	8,732
YoY%	(29.4)	63.9	20.2	13.6	13.9
Margin	10.8%	14.7%	15.2%	15.4%	15.7%
Fully diluted EPS (RMB)	1.004	2.465	3.203	3.791	4.431
YoY%	(54.3)	145.5	29.9	18.4	16.9
DPS (RMB)	0.200	0.493	0.638	0.755	0.883
YoY%	(54.4)	146.5	29.4	18.4	16.9
Year ended 31 Dec	2023A	2024A	2025F	2026F	2027F
Cash Flow (RMBm)					
Operating profit	852	2,773	3,611	4,190	4,927
Dep. & Amort.	2,571	2,838	3,134	3,473	3,805
Chg in working cap	6,014	-3,272	-2,879	-119	-134
Others	-6,521	1,495	47	52	59
Cash from operations	2,917	3,834	3,913	7,597	8,657
Tax paid	-252	-379	-336	-427	-500
Net cash from operations	2,665	3,455	3,578	7,170	8,157
YoY%	(63.9)	29.7	3.5	100.4	13.8
Capex	-2,379	-3,435	-828	-2,909	-2,900
Investments	2,973	-6,760	-694	-728	-765
Disposal of assets	0	0	0	0	0
Interest received	933	752	737	792	792
Others	-3,015	-993	-879	-734	-835
Net cash from investments	-1,488	-10,437	-1,664	-3,579	-3,707
Issue/ buyback of shares	-0	-0	0	0	0
Interest paid	-449	-499	-467	-385	-344
Dividends paid	-481	-219	-538	-698	-827
Net change in debt	-725	210	-1,000	-1,000	0
Others	6,513	-1,066	85	71	81
Net cash from financing	4,858	-1,575	-1,919	-2,012	-1,090
Net change in cash	6,034	-8,556	-6	1,579	3,360
Adjustments	17	-20	0	0	0
Opening cash	7,033	13,085	4,509	4,503	6,082
Closing cash	13,085	4,509	4,503	6,082	9,441
FCF	286	20	2,750	4,261	5,257
YoY%	(91.4)	(93.0)	13,555.3	55.0	23.4

Year ended 31 Dec	2023A	2024A	2025F	2026F	2027F
Balance Sheet (RMBm)					
Fixed assets	9,927	10,525	8,219	7,655	6,749
Associates & JCE	1,665	1,856	2,155	2,405	2,689
Goodwill & intangibles	195	138	138	138	138
Deferred tax assets	204	217	252	281	314
Others	3,162	3,602	4,182	4,666	5,217
Non-current assets	15,153	16,337	14,946	15,145	15,107
Inventories	5,137	5,870	6,226	6,920	7,709
Trade & bills receivables	7,855	9,211	9,136	10,194	11,398
Prepayments, deposits & others	14	109	126	141	157
Investments	7,113	13,874	14,567	15,296	16,061
Cash	13,085	4,509	4,503	6,082	9,441
Others	1,941	3,898	4,526	5,050	5,646
Current assets	35,144	37,470	39,084	43,682	50,413
Total assets	50,297	53,807	54,029	58,827	65,520
Trade & bills payables	20,325	20,825	18,776	20,868	23,250
Accruals & other payables	0	0	0	0	0
Tax payable	29	190	221	246	275
Bank loans	735	976	1,018	851	1,517
Bonds, CB & debentures	0	0	0	0	0
Others	198	406	471	526	588
Current liabilities	21,287	22,398	20,486	22,491	25,631
Bank loans	0	0	0	0	0
Bonds, CB & debentures	5,238	5,207	4,166	3,332	2,666
Deferred tax liabilities	753	753	875	976	1,091
Others	138	157	157	157	157
Non-current liabilities	6,129	6,117	5,197	4,465	3,914
Total liabilities	27,415	28,514	25,683	26,956	29,544
Total net assets	22,882	25,293	28,347	31,870	35,976
Share capital	105	105	105	105	105
Reserves	22,318	24,660	27,628	31,081	35,105
Shareholder's equity	22,423	24,765	27,733	31,186	35,210
Minority interests	459	528	614	685	765
Total Equity	22,882	25,293	28,347	31,870	35,976
Total debts	5,973	6,183	5,183	4,183	4,183
Net cash/(debts)	7,112	-1,674	-680	1,899	5,258
BVPS (RMB)	20.900	23.103	25.892	29.111	32.861
Year ended 31 Dec	2023A	2024A	2025F	2026F	2027F
Key ratios					
Margins (%)					
Gross margin	14.5	18.3	18.9	19.2	19.5
EBITDA margin	10.8	14.7	15.2	15.4	15.7
EBIT margin	2.7	7.2	8.1	8.4	8.9
Net margin	3.5	7.0	7.9	8.4	8.7
Net margin (Core profit)	3.5	7.0	7.9	8.4	8.7
Effective tax rate (%)	15.6	12.1	10.9	10.9	10.8
Selling exp as % of rev	1.3	1.1	1.1	1.1	1.1
Admin exp as % of rev	3.2	3.7	3.1	3.1	3.1
R&D exp as % of rev	8.1	7.6	7.5	7.5	7.4
Other opex as % of rev	(0.8)	(1.4)	(0.9)	(0.9)	(0.9)
Total opex as % of rev	11.8	11.1	10.8	10.8	10.6
Interest coverage (x)	1.9	5.6	7.7	10.9	14.3
Dividend payout (%)	19.9	20.0	19.9	19.9	19.9
Balance sheet ratios					
Inventory days	66	64	61	60	60
Acct. rec. days	87	81	75	71	71
Acct. payable days	224	240	200	180	180
Cash cycle	-71	-94	-64	-50	-49
Net debt/equity (%)	Net cash	6.6	2.4	Net cash	Net cash
Net debt/total cap (%)	Net cash	6.2	2.3	Net cash	Net cash
Current ratio (x)	1.65	1.67	1.91	1.94	1.97
Returns (%)					
Asset turnover (x)	0.68	0.74	0.82	0.88	0.89
Financial leverage (x)	2.11	2.21	2.05	1.92	1.87
EBIT margin (%)	5.7	9.5	10.1	10.4	10.6
Interest burden (x)	0.75	0.86	0.90	0.93	0.94
Tax burden (x)	0.81	0.86	0.87	0.87	0.87
ROE (%)	5.0	11.4	13.4	14.1	14.6
ROIC (%)	8.5	15.3	14.5	15.7	17.5

Source: Company data, Crosby Securities



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