

Asia First to Market

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Asia Pacific Equity Research
9 June 2022

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[J.P. Morgan Perspectives](#) (Joyce Chang)

China's Financial Markets: Long-term opportunities meet near-term challenges

China's financial markets: Long-term opportunities meet near-term challenges

Opportunities and challenges for China's financial markets to co-exist as rebalancing of China's economy represents a regime change and a shift in long-term strategy to achieve Common Prosperity

[ASMedia Technology Inc. \(5269.TW, OW – NT\\$1,435.00\), Taiwan](#) (William Yang)

An easier way to understand its growth drivers; OW

In this report, we try to address investors' major concerns. We believe the Street is overly concerned about PC demand, but meanwhile overlooks or underestimates continuous ASP increase due to its leading technology and product spec upgrades. The ASP uptrend as a real driver has helped the company grow in the past eight years (despite weak PC units in some years) and will continue to support growth in the foreseeable future, in our view. See pages 4-5 for more details.

[Speed Tech Corp \(5457.TWO, OW – NT\\$64.90\), Taiwan](#) (William Yang)

The major beneficiary of connector hardware spec unification to USB-C

We highlighted in our [May 30 note](#) that an increasing adoption rate of USB Type-C (USB-C) connectors will benefit Speed Tech, and we believe the EU's latest decision of making USB-C mandatory for phones sold in the EU by 2024 will facilitate the trend. We remain positive about ST and maintain our OW rating.

▲ | [Thailand Banks, Thailand](#) (Harsh Wardhan Modi / Gaurav Khandelwal)

Rates to help re-rating, upgrading BBL and KTB

A hawkish hold from the MPC on 8 June ([link](#)) has opened up the likelihood of rate hikes in the course of the year. The Big4 banks have 61-84% CASA ratios, which should lead to 5-6bps NIM expansion and 3-7% EPS growth for every 25bps hike. Thailand banks now have an earnings driven investment thesis, rather than risk-reduction-based. This, combined with undemanding valuations (7.7x/0.60x 2023 PE/PB for Big4), suggests likelihood of sharp rallies. In such a scenario, lower multiple stocks will probably do better. Hence, we are upgrading BBL (0.49x 2022E book) to OW from Neutral and KTB (0.57x 2022E book) to Neutral from UW. We continue to hold OW on KBank, SCB and TTB, and Neutral on Tisco.

[Genting Berhad \(GENT.KL, OW – RM5.34\), Malaysia](#) (Jeffrey Ng)

Risk/reward still favorable, reiterate OW

TauRx (not listed), 20.3% owned by GENT, will be presenting phase 3 interim data for the first tau aggregation inhibitor. Note TauRx are still waiting for data analysis to be completed in order to determine the drug's efficacy. As per the [press release](#), the drug has shown that participants who took the treatment saw a lesser decline than is typical in Alzheimer's patients, based on published research. We expect the upcoming presentation to have similar content to the press release, and to have a positive message. It thus could be a positive share price driver. We have assigned zero value to this investment and would view any value unlocking exercise as a windfall.

[CATL \(300750.SZ, OW – Rmb460.00\), China](#) (Rebecca Wen)

Share price -7% intraday on speculation of 2Q miss and BYD's Tesla supply news

CATL's share price fell 7% intraday today (vs. SHASHR Index -1%) on: (1) [market speculation](#) that 2Q22 earnings could be a miss of ~Rmb2.5bn-2.8bn; and (2) [news reports](#) that BYD will supply battery to Tesla. We present our thoughts on the two market concerns below.

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See end pages for analyst certification. For important disclosures, please refer to the disclosure section at the end of the individual linked notes.

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Recommendation Changes

▲ | [Bangkok Bank \(BBL.BK – Overweight\), Thailand](#)
(Harsh Wardhan Modi / Gaurav Khandelwal)
Thailand Banks: Rates to help re-rating, upgrading BBL and KTB

▲ | [Krung Thai Bank \(KTB.BK – Neutral\), Thailand](#)
(Harsh Wardhan Modi / Gaurav Khandelwal)
Thailand Banks: Rates to help re-rating, upgrading BBL and KTB

Price Target and Estimate Changes

[ASMedia Technology Inc. \(5269.TW – Overweight\), Taiwan](#)
(William Yang)
An easier way to understand its growth drivers; OW

[Bangkok Bank \(BBL.BK – Overweight\), Thailand](#)
(Harsh Wardhan Modi / Gaurav Khandelwal)
Thailand Banks: Rates to help re-rating, upgrading BBL and KTB

[Beijing SinoHytec - A \(688339.SS – Overweight\), China](#)
(Stephen Tsui, CFA)
Model Update

[Daqin Railway - A \(601006.SS – Overweight\), China](#)
(Karen Li, CFA)
Raising PT, policy shifts bode well for rail coal delivery, strong FCF and yield

[JOYY Inc \(YY – Neutral\), China](#)
(Daniel Chen)
Challenging outlook for Bigo in 2022; maintain N on attractive valuation and potential YY Live deal

[Kasikornbank PCL \(KBANK.BK – Overweight\), Thailand](#)
(Harsh Wardhan Modi / Gaurav Khandelwal)
Thailand Banks: Rates to help re-rating, upgrading BBL and KTB

[Krung Thai Bank \(KTB.BK – Neutral\), Thailand](#)
(Harsh Wardhan Modi / Gaurav Khandelwal)
Thailand Banks: Rates to help re-rating, upgrading BBL and KTB

[Lonking Holdings Ltd \(3339\) \(3339.HK – Neutral\), China](#)
(Karen Li, CFA)
Model Update

[Marico Ltd \(MRCO.NS – Overweight\), India](#)
(Latika Chopra, CFA)
Subdued NT demand narrative; Comfort on margin remains

[SCB X PCL \(SCB.BK – Overweight\), Thailand](#)
(Harsh Wardhan Modi / Gaurav Khandelwal)
Thailand Banks: Rates to help re-rating, upgrading BBL and KTB

[Srisawad Corporation PCL \(SAWAD.BK – Overweight\), Thailand](#)
(Harsh Wardhan Modi / Gaurav Khandelwal)
Thailand Banks: Rates to help re-rating, upgrading BBL and KTB

[Weibo Corporation \(WB – Neutral\), China](#)
(Alex Yao)
Brand ads recovery tends to be late-cycle, but fair valuation lends downside support

Results and Company Views

[Tisco Financial Group PCL \(TISCO.BK – Neutral\), Thailand](#)
(Harsh Wardhan Modi / Gaurav Khandelwal)
Thailand Banks: Rates to help re-rating, upgrading BBL and KTB

[TMBThanachart Bank PCL \(TTB.BK – Overweight\), Thailand](#)
(Harsh Wardhan Modi / Gaurav Khandelwal)
Thailand Banks: Rates to help re-rating, upgrading BBL and KTB

[TSMC \(2330.TW – Overweight\), Taiwan](#)
(Gokul Hariharan)
2022 AGM takeaways

Strategy

[\[Update\] Hang Seng June 2022 Review](#)
(Joanne Cheung)
Capping factors update

[An Analysis of Cross Asset Liquidity Conditions](#)
(Peng Cheng, CFA / Emma Wu)
A Video Q&A

[Asia ex-Japan earnings tracker](#)
(Wendy Liu)
99% of MXASJ reported: Sales +15%, Profit -21% y-y, relative scarcity, relative pricing power

[SEOUL Search](#)
(JJ Park)
Impact on relevant sectors and major Korea companies from JPY weakness

Economics

[India: RBI expectedly hikes 50 bps; more to come, India](#)
(Sajjid Z Chinoy)

[Korea: 1Q22 GDP growth revised down to 2.6%q/q saar, South Korea](#)
(Seok Gil Park)

[Taiwan: Export activity slowed in May amid supply chain concerns; uncertainty on general demand outlook, Taiwan](#)
(Grace Ng)

[Thailand: Hawkish hold in June, Thailand](#)
(Jin Tik Ngai, CFA)
BoT signals pivot to policy normalization; expect rate liftoff in August

[Vietnam: Manufacturing remained robust in May, Vietnam](#)
(Jisun Yang)
Watch for a cloudy 2H22

Sector Research

[Asian Foundries](#)
(Gokul Hariharan)
Order cuts starting in earnest, while price hikes also persisting

[Global Autos Driver](#)
(Jose M Asumendi)
Global Autos Research

Bukalapak (BUKA.JK – Overweight), Indonesia

(Henry Wibowo / Ranjan Sharma, CFA)

EMTK buys BUKA shares from the market; First time since IPO

CATL (300750.SZ – Overweight), China

(Rebecca Wen)

Share price -7% intraday on speculation of 2Q miss and BYD's Tesla supply news

Genting Berhad (GENT.KL – Overweight), Malaysia

(Jeffrey Ng)

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SKC (011790.KS – Overweight), South Korea

(Jay Kwon)

PET business asset sale at W1.6trn becomes official; what's the next catalyst to drive shares higher?

Speed Tech Corp (5457.TWO – Overweight), Taiwan

(William Yang)

The major beneficiary of connector hardware spec unification to USB-C

India Financials, India

(Saurabh Kumar)

UPI booster for credit cards

SG Property Intelligence, Singapore

(Terence M Khi / Mervin Song, CFA)

Upping supply but market remains tight

The India Lodestone, India

(Pinakin Parekh, CFA)

GRMs surge; India's Russian imports in focus, coking coal fall offsets steel price fall; aluminum sharply U/perf

Rating Changes

Company	New Rating	Old Rating
Increases		
Bangkok Bank	OW	N
Krung Thai Bank	N	W

Price Target Changes

Company	Rating	Price Target	
		New	Old
Increases			
Daqin Railway - A	OW	Rmb9.70	Rmb9.40
Weibo Corporation	N	\$24.00	\$22.00
Decreases			
Beijing SinoHytec - A	OW	Rmb125.00	Rmb175.00
JOYY Inc	N	\$35.00	\$40.00
Marico Ltd	OW	Rs560.00	Rs575.00

Source: J.P. Morgan estimates.

Note: EPS Changes > +/- 1%.

Note: DPS Changes > +/- 1%.

Note: Numbers and companies above may differ from the corresponding numbers or companies in the individual notes inside the FTM.

EPS Estimate Changes

Company	Current FY	Next FY
Increases		
Daqin Railway - A	+3.9%	+11.3%
Lonking Holdings Ltd (3339)	+2.8%	+1.2%
Decreases		
Beijing SinoHytec - A	-28.6%	-28.6%
JOYY Inc	-45.8%	-26.5%
Marico Ltd		-1.5%
Weibo Corporation	-28.1%	-4.0%

DPS Estimate Changes

Company	Current FY	Next FY
Increases		
Lonking Holdings Ltd (3339)	+2.8%	+1.2%
Decreases		
Daqin Railway - A		-12.7%
Marico Ltd		-2.5%



Executive summary

China's financial markets: Long-term opportunities meet near-term challenges

- Opportunities and challenges for China's financial markets to co-exist as rebalancing of China's economy represents a regime change and a shift in long-term strategy to achieve Common Prosperity
- China's capital markets have increased by nearly 40% since the onset of the pandemic and are the second largest equity and bond markets in the world, but international investors only hold 5% of China equities and slightly less for bonds
- China remains committed to opening its financial markets and Hong Kong's role in providing China with connectivity to the global financial system has become even more important
- After a watershed year of outperformance in 2020 when China received a record \$576bn portfolio inflows, China's equity and bond markets have experienced substantial volatility and outflows
- Recent regulatory changes, the narrowing differential between US-China nominal interest rates and intensifying geopolitical risks have contributed to increased market turbulence

Challenging macro backdrop but China still likely to match size of the US economy by 2030

- Material downward forecast revisions for 2022 China GDP growth to just 3.7%, only the second undershoot of China's official growth target in 30 years, although we continue to forecast that China will likely match the size of the US economy by 2030
- China's potential growth will slow from 6% to 5% in 2021-25, from 5% to 4% in 2026-30, and below 3% by 2035
- The damage to the China property sector remains severe with our Asia Credit Research team forecasting a 10% default rate for Asia High Yield following last year's 13%, with China property accounting for about 90% of Asia High Yield defaults in 2022
- Multinational businesses remain committed to doing business in China given the market size and growth potential despite uncertainty from financial tightening, regulatory measures and geopolitical risks
- China remains a global manufacturing hub with global FDI into China hitting a record high of \$334bn, but confidence in doing business in China has declined with dynamic zero-COVID policy-related lockdowns
- The US Congress could pass legislation to increase competitiveness with China before the end of the summer, but the prospects decrease as US midterm elections approach

J.P. Morgan Perspectives brings together thematic and strategic views across J.P. Morgan's Global Research franchise. In this report, we survey the macro and investment factors impacting China's financial markets, addressing ten key questions, from a long-term perspective. We hope this series will both inform and foster debate on evolving economic, investment, and social trends.

- Joyce Chang, Chair of Global Research

For the latest *Handbook of the Chinese Economy and Financial Market 1Q22* from Haibin Zhu and team, see [here](#).

ASMedia Technology Inc.

An easier way to understand its growth drivers; OW

In this report, we try to address investors' major concerns. We believe the Street is overly concerned about PC demand, but meanwhile overlooks or underestimates **continuous ASP increase** due to its leading technology and product spec upgrades. The ASP uptrend as a real driver has helped the company grow in the past eight years (despite weak PC units in some years) and will continue to support growth in the foreseeable future, in our view. *See pages 4-5 for more details.*

- **Sustainable earnings growth.** We highlight growing ASP thanks to better mix and specs as a more important driving force of ASMedia's fundamentals. We believe all the new products from 2H22 to 2024 are on track to be delivered, including USB 4.0, PCIe Gen 4/5, hub and PD. Again, ASMedia is one of a few companies that owns a comprehensive solution for USB, SATA and PCIe and would first benefit from the spec migrations to USB 4.0, PCIe Gen 4 and PCIe Gen 5 in 2H22, 2023 and 2024, respectively. Once the migrations kick in, we believe earnings power will emerge.
- **2022E update.** Given prolonged lockdowns in China in May (from only April), we reduce our 2Q22E sales forecast by 13% to down 5% QoQ, and our GM and EPS assumptions drop accordingly, given less contribution from China sales. However, since the new chipset series is on track to have small volumes in June and ramp in 2H22, we model 52%/38% sales/EPS HoH growth in 2H22E. For 2022E, we raise our GM estimate to 53.8% (in line with consensus), as we think the company could continue to benefit from a better product mix toward high-end and from passing through foundry cost hikes to its customers.
- **Implications.** We keep our 2022E and 2023E EPS largely unchanged, as we think margin upside could offset the short-term sales shortfall owing to China lockdowns in April and May. Our Dec-22 PT of NT\$2,100 is based on 30x 2023E P/E, slightly above its ten-year average P/E of 28x, which could be justified by its sustainable and predictable earnings growth.

Overweight

5269.TW, 5269 TT

Price (08 Jun 22): NT\$1,435.00

Price Target (Dec-22): NT\$2,100.00

Taiwan

Technology

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Key Changes (FYE Dec)

	Prev	Cur
Gross margin - 22E	53.0%	53.8%
Gross margin - 23E	53.8%	54.3%
Revenue growth - 22E	24.4%	19.6%
Revenue growth - 23E	36.1%	40.5%

Quarterly Forecasts (FYE Dec)

Adj. EPS (NT\$)	2021A	2022E	2023E
Q1	10.35	12.28A	16.54
Q2	11.04	10.69	16.07
Q3	14.55	16.57	20.63
Q4	10.29	15.13	17.20
FY	46.23	54.68	70.44

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	48	45	44	71	92
Growth	11	10	6	6	7
Momentum	67	42	96	43	27
Quality	53	19	20	13	51
Low Vol	92	95	96	92	96
ESGQ	78	82	-	-	-

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

Speed Tech Corp

The major beneficiary of connector hardware specification to USB-C

We highlighted in our [May 30 note](#) that an increasing adoption rate of USB Type-C (USB-C) connectors will benefit Speed Tech, and we believe the EU's latest decision of making USB-C mandatory for phones sold in the EU by 2024 will facilitate the trend. We remain positive about ST and maintain our OW rating.

- **USB-C connector to be mandatory.** According to CNBC [news](#), the European Commission, the executive arm of the European Union, will force smartphone manufacturers such as Apple and other electronics makers to equip their devices with a standard USB-C charging port. EU lawmakers on Tuesday agreed to a single mobile charging port for mobile phones, tablets and cameras. It means equipment makers will have to comply with the new terms by 2024.
- **Implications.** Within our coverage, we think Speed Tech is the major beneficiary as the company is one of the largest USB-C (Type-C) connector hardware makers worldwide. The company has no exposure to Lightning connectors, but we think the company can supply USB-C to iPhone devices potentially in 2023, given its leading position and supplier status for other Apple devices. **For the IC space**, we think it is relatively complicated to name clear beneficiaries as the dollar content of USB ICs (i.e. controllers, repeaters, etc.) varies on exact specs of USB interface and other features. In other words, USB-C can support USB 3.2 and USB4, 15W and 60W for power delivery, DisplayPort or not, etc. Adoption and specs of these functions all impact IC pricing.
- **2Q22 sales update.** We assume May sales would be slightly lower than April given the lockdown impact in China. However, we expect June sales to improve MoM and the company is on track to reach our 2Q sales estimate of NT\$4.5bn (up 4% QoQ and 30% YoY).

Overweight

5457.TWO, 5457 TT

Price: NT\$64.90

08 Jun 2022

Price Target: NT\$100.00

PT End Date: 31 Dec 2022

Technology

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Thailand Banks

Rates to help re-rating, upgrading BBL and KTB

A hawkish hold from the MPC on 8 June ([link](#)) has opened up the likelihood of rate hikes in the course of the year. The Big4 banks have 61-84% CASA ratios, which should lead to 5-6bps NIM expansion and 3-7% EPS growth for every 25bps hike. Thailand banks now have an earnings driven investment thesis, rather than risk-reduction-based. This, combined with undemanding valuations (7.7x/0.60x 2023 PE/PB for Big4), suggests likelihood of sharp rallies. In such a scenario, lower multiple stocks will probably do better. Hence, we are upgrading BBL (0.49x 2022E book) to OW from Neutral and KTB (0.57x 2022E book) to Neutral from UW. We continue to hold OW on KBank, SCB and TTB, and Neutral on Tisco.

- **BoT stayed on hold on 8 June ([link](#)), but with a slim margin** of 4/3 (hold/hike) at the MPC vs. 7/0 in favor of hold in last meeting. Inflation forecasts from the BoT moved to 6.2%, from 4.9% previously, which has led our economists to pencil in a 25bps rate hike at each of the next three meetings. These shifts help PPOP in 2022/23, but also increase the risk of asset quality issues in 2H23/2024, unless growth rebound ends up offsetting the impact. The sector is coming off almost a decade-long NPL cycle, and hence credit standards are quite tight. Moreover, loan loss reserves are quite high at 6.9% of loan book. This limits the likelihood of a sharp provision cycle for the next few quarters. Hence, we expect the earnings momentum-led multiple reversion to hold.
- **Majority of loans-at-risk for Thai banks in 1Q22 are tourism-linked**, while 11% of 2019 GDP for the country was tourism-linked. As we come closer to northern hemisphere winter, tourist arrivals should continue to pick up. This, in turn should lead to better economic activity and improved borrower cash-flows. As a result, NPLs and restructured loans should reduce. 4Q22 provisions can be better than Street expectations, but 2023 provisions will almost certainly be so. Our 2023 estimates for KBank/SCB/TTB are 6-10% above Street, likely on provisions.
- **The Big4 banks are trading at 0.9-1.4SD discount** to 5Y/10Y mean PE and PB multiples. These valuation levels are a function of limited PPOP and asset quality visibility. Consumer debt/GDP in the country is high at 90%, while total debt/GDP is at 230%. These have led to limited credit demand, and consistent debt-servicing issues, resulting in NPLs. Hence, negative revisions have become a consistent phenomenon over the last few years. Accordingly, stocks would only perform when value/deep value (depending on the name) combines with an imminent catalyst. Rate hikes, and tourism revival, respectively are these catalysts. Hence, we expect Thai banks to rally for the next 3-6M, closer to fairer multiples.

Thailand

Asia-ex Banks

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Genting Berhad

Risk/reward still favorable, reiterate OW

TauRx (not listed), 20.3% owned by GENT, will be presenting phase 3 interim data for the first tau aggregation inhibitor. Note TauRx are still waiting for data analysis to be completed in order to determine the drug's efficacy. As per the [press release](#), the drug has shown that participants who took the treatment saw a lesser decline than is typical in Alzheimer's patients, based on published research. We expect the upcoming presentation to have similar content to the press release, and to have a positive message. It thus could be a positive share price driver. We have assigned zero value to this investment and would view any value unlocking exercise as a windfall.

- **Calculating the risk/reward.** GENT has appreciated by 70c or +16% since TauRx's press release. TauRx previously aimed to list in 2016 with a reported valuation of US\$15bn, but the IPO was shelved when a product failed late stage clinical trial. If the IPO were to happen at a similar valuation, it would translate to RM3.40 per share for GENT. We therefore think the risk/reward is skewed to the upside at a ratio of 5:1 (RM0.70 potential downside vs RM3.40 potential upside). We see further potential upside to GENT from the option value of TauRx given ongoing developments in the drug's efficacy.
- **Who is TauRx?** TauRx is a pharmaceutical firm founded by Professor Claude Wischik. TauRx focuses on neurodegenerative diseases and Alzheimer's disease research. It aims to develop and commercialize products for the diagnosis, treatment and cure of neurodegenerative diseases caused through protein aggregation.
- **Other business are doing well.** GENT also owns reopening proxies via GENS and GENM (gaming operators) and palm oil via GENP. The profit recovery of its listed subsidiaries could bring potential upside to DPS too. Pre COVID-19, GENT paid a dividend of RM0.22/year which translated to an implied yield of 4%.
- **Valuation and risks.** Our Dec-22 PT of RM7.00 is based on an 18% holding company discount to its SOTP plus Resorts World Las Vegas' (RWLV) RM9bn valuation and less all standalone debt. We cover all the listed subsidiaries (GENM, GENS and GENP) and use our valuations to value GENT.

Investment Thesis

We believe the market might start to assign value to Resort World Las Vegas (RWLV), as it commenced operations in Summer 2021. As the market has discounted RWLV risk in the past by taking into account incurred debt and assigning zero

Overweight

GENT.KL, GENT MK

Price: RM5.34

08 Jun 2022

Price Target: RM7.00

PT End Date: 31 Dec 2022

Gaming

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CATL

Share price -7% intraday on speculation of 2Q miss and BYD's Tesla supply news

CATL's share price fell 7% intraday today (vs. SHASHR Index -1%) on: (1) [market speculation](#) that 2Q22 earnings could be a miss of ~Rmb2.5bn-2.8bn; and (2) [news reports](#) that BYD will supply battery to Tesla. We present our thoughts on the two market concerns below.

- **2Q22 earnings expectation:**

- **Battery ASP:** We believe the timing and magnitude of ASP hike reflection in 2Q22 is the key to margin recovery. Management guided to a "gradual reflection of ASP hike in 2Q" following 1Q22 earnings. Several tier-2 battery makers in China hiked their battery prices in two rounds from late 2021 till March/April, seeing 20-30% hikes all together. We believe assuming a 20% price increase for CATL is reasonable and not aggressive, but only part of this price increase may be reflected in the 2Q P&L, given management's comment about a "gradual reflection."
- **Material costs:** Market spot prices of select battery materials, such as cathode (driven by raw materials) and electrolyte, have declined marginally in 2Q (e.g., lithium prices fell 5-10% in mid-March to mid-May, but have crawled back up again since late May). However, the average daily spot prices of cathode and raw materials in 2Q to date have still witnessed an increase vs. 1Q (Table 2), as these material prices increased substantially in 1Q (Table 3) and fell only marginally during certain periods in 2Q. We estimate that the average material cost for NCM battery increased ~5-6% q/q in 2Q, while material cost changes for LFP battery were between -3% and 2% q/q, depending on data sources and assumptions of material usage.
- **Sensitivity analysis:** We conducted a sensitivity analysis for CATL's 2Q22 GPM and net profit, based on the assumptions of: (1) an ASP hike of 5-20%; and (2) material cost changes of -3% to 6% (Table 1). We think the more likely scenario is a 10-15% ASP hike reflection in 2Q, with material costs increased ~3-6% q/q. These assumptions translate into a 17-22% GPM (blended GPM, including EV battery sales and other business segments) and net profit of Rmb2.1bn-4.1bn. Our base-case assumption for CATL's 2Q earnings is GPM in the high teens and net profit of Rmb3.0bn-3.5bn.

- **BYD to supply battery to Tesla?** According to Reuters ([here](#)): "BYD is preparing to supply Tesla Inc. with batteries 'very soon,' a senior company executive told a state media anchor in a video released early on Wednesday [8 June 2022]. 'We are now good friends with Elon Musk because we are preparing to supply batteries to Tesla very soon,' said Lian Yubo, BYD's executive vice president, in an interview with Kui Yingchun, an anchor with China's state-owned broadcaster CGTN." **J.P. Morgan comments:** Neither Tesla nor BYD had officially announced this supply relationship or made any official comment so far. There has been market speculation around BYD's potential battery supply to Tesla since 2H21. Given that BYD is the second-largest battery supplier in China (as measured by shipments), we believe the company may have been approached by various global OEMs in the past few

Overweight

300750.SZ, 300750 CH

Price: Rmb460.00

08 Jun 2022

Price Target: Rmb600.00

PT End Date: 30 Jun 2023

Auto Parts

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