



BYDDY COMPANY LIMITED

BYDDY | U.S. OTC MARKET | AUTOMOTIVE & CLEAN TECHNOLOGY

Rating	Current Price	12-Month Target	Upside / Downside
HOLD / SELECTIVE	\$10.31	\$11.75	+14.0%

Report Date	Analyst	Risk Classification
September 21, 2026	StockWatchIndex Research	Moderate-High / Speculative

Investment Summary

HOLD / SELECTIVE BUY

BYDDY remains one of the strongest ways for U.S. investors to gain exposure to a scaled Chinese new-energy-vehicle manufacturer. BYD combines broad vehicle production, battery technology, vertical integration, and a growing international business. Its recent share-price decline has weakened near-term confidence, but it has not erased those competitive strengths.

The pressure on the stock has a real operating basis. In the first half of 2026, BYD's revenue fell 7.13%, and profit attributable to shareholders fell 20.54% from the prior year. Domestic price competition, weaker vehicle momentum, potential market-share losses, and China-related trade and policy risks remain serious threats to earnings. At the same time, BYD's gross margin rose from 18.01% to 18.85%, with the company attributing the improvement mainly to growth in its overseas new-energy-vehicle business. This is an early sign that international expansion can improve the earnings mix, although it has not yet established a sustained recovery.

SWI's view is to HOLD existing positions and consider SELECTIVE buying for investors with a longer time horizon and tolerance for further volatility.

The case for adding shares rests on overseas growth continuing to support margins while domestic earnings stabilize. Confirmation would come from stronger revenue, durable profitability, and a sustained improvement in the share-price trend. If domestic momentum losses deepen, margins reverse, or trade restrictions limit overseas returns, the buying case weakens. BYDDY offers a credible recovery opportunity at this stage, but investors should size any new position for the possibility that the turnaround takes longer than expected.

More attractive Entry Point

The recent pullback has improved BYD's valuation and may offer a more attractive entry point, but a lower share price alone does not establish that the stock has reached a durable bottom. A sustained recovery will require evidence of stabilizing margins, resilient domestic demand, continued international expansion, and successful commercialization of BYD's technology advantages.

We believe international growth, continued expansion in the European market, eventual access to the US market at large, and industry-leading scale support the longer-term investment case. Until operating momentum and the share-price trend show clearer stabilization. Further margin compression, continued domestic market-share losses, or a decisive break below major technical support would weaken - or potentially invalidate the constructive outlook; however, a **HOLD / SELECTIVE BUY** rating remains appropriate.

Key Investment Points

- Vertically integrated batteries, semiconductors, power electronics and vehicle platforms support cost and product-cycle advantages.
- Overseas volume, localized production, and a richer mix can offset domestic pricing pressure and lift group margins.
- China price competition, geopolitics, and a non-exchange-listed U.S. trading structure can amplify downside and liquidity risk.
- The thesis requires 12–24 months: watch quarterly margin stabilization, overseas mix, and cash conversion before increasing exposure.

Important: This report is informational and does not constitute personalized investment advice. See the complete disclosures at the end of this report.

Executive Summary

BYD designs and manufactures battery-electric and plug-in-hybrid passenger vehicles, commercial vehicles, batteries, power electronics, semiconductors, energy-storage systems, and rail-transit solutions. Its broad product portfolio and vertically integrated manufacturing platform have established BYD as one of the world's largest and most strategically important new-energy-vehicle companies.

However, operational scale has not insulated the company from China's increasingly aggressive automotive price war. FY2025 revenue reached approximately \$120.1 billion, but net income declined 19% to approximately \$4.9 billion, reflecting mounting pricing pressure, weaker domestic vehicle economics, and intensifying competition. Pressure continued in the first half of 2026, when revenue fell to approximately \$51.5 billion and attributable net income to approximately \$1.8 billion. An improvement in gross margin provided an early—but not yet decisive—sign of greater cost and product-mix discipline.

For U.S. investors, BYDDY provides access to BYD's global operating platform through an OTC-traded ADR rather than a security listed on the NYSE or Nasdaq. This distinction adds liquidity, custody, disclosure, currency, and geopolitical considerations that must be incorporated into the investment decision.

HOLD/WATCH

SWI's assessment remains cautiously optimistic. Once BYD's strategic strengths begin translating into renewed earnings growth and stronger cash conversion, we expect a strong price increase. However, until revenue momentum, domestic pricing conditions, and profitability show sustained stabilization, the stock warrants a **HOLD / SELECTIVE BUY** rating rather than a more aggressive recommendation. Nevertheless, investors might want to consider that BYD possesses:

- Industry-leading scale,
- Extensive vertical integration,
- Proprietary battery technology,
- A rapidly expanding international presence, and
- One of the broadest vehicle portfolios in the global EV market.

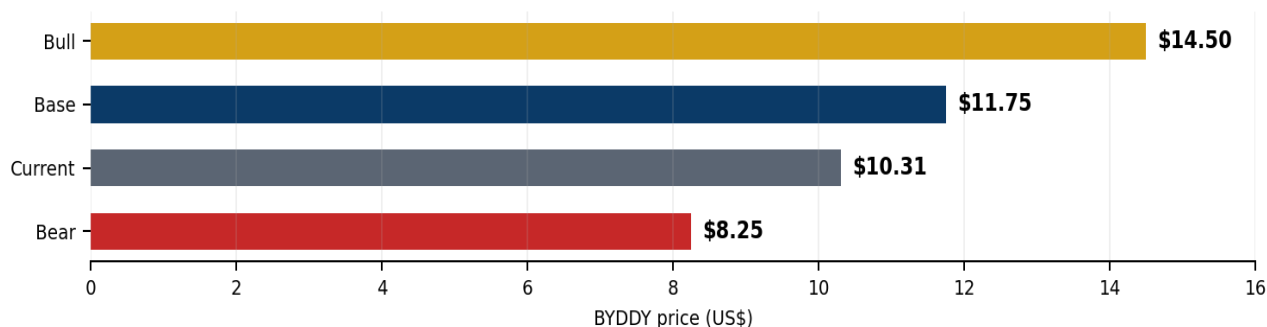
Investment Snapshot

Measure	Current	Prior Period	Change
Share price	\$10.31	\$12.11 (12/31/25)	-14.9% YTD
Market capitalization	~\$100 billion	N/A	N/A
Revenue	\$120.1 billion FY25	\$116.1 billion FY24	+3.5%
Net income	\$4.87 billion FY25	\$6.01 billion FY24	-19.0%
Diluted EPS	N/A	N/A	Verify ADR basis
Free cash flow	N/A	N/A	Verify filing

Bull Case Base Case Bear Case

Scenario	Assumptions	12-Month Value	Probability
Bull	Overseas mix accelerates; margins recover; rerating	\$14.50	25%
Base	Margins stabilize; international offsets China weakness	\$11.75	50%
Bear	Price war persists; restrictions or execution setbacks	\$8.25	25%

SWI 12-Month Scenario Framework



Source: SWI estimates; current price and range from public market data as of Sept. 21, 2026.

What the Market May Be Missing

The market may be undervaluing the long-term significance of BYD's expanding international business. Overseas markets represent a substantial growth opportunity because BYD's penetration outside China remains early relative to its domestic scale. Continued expansion across Europe, Latin America, Southeast Asia, and other regions could diversify revenue, reduce dependence on the intensely competitive Chinese market, and support stronger average selling prices.

BYD's vertical integration is another potentially underappreciated advantage. The company controls critical parts of its value chain, including batteries, power electronics, electric drivetrains, semiconductors, and vehicle manufacturing. This structure provides greater control over costs, supply availability, product development, and production speed than many less-integrated competitors. BYD can also spread research, manufacturing, and procurement expenses across a large and growing production base.

The company's broad product portfolio further strengthens its competitive position. BYD participates in both battery-electric and plug-in-hybrid vehicles and serves customers across multiple price categories. This reduces reliance on a single technology or market segment and allows the company to adjust its product mix as consumer preferences, charging infrastructure, and government policies evolve.

The central counterweight remains sustained margin pressure in China. Aggressive price competition, frequent model upgrades, incentives, and heavy industry capacity could keep profitability under pressure even as unit sales grow. International expansion also requires substantial investment in factories, distribution, regulatory compliance, branding, and after-sales service.

The market may therefore be focusing on BYD's immediate earnings pressure while assigning insufficient value to its international runway, manufacturing scale, and integrated technology platform. That disconnect could create meaningful upside if overseas growth begins contributing more visibly to earnings and domestic margins stabilize. Until that evidence emerges, however, the valuation discount is understandable rather than clearly unjustified.

Company and Business Profile

Business Model

Automotive and related products are the principal earnings engine. BYD sells mass-market Dynasty and Ocean vehicles, premium Denza, off-road Fang Cheng Bao, and luxury Yangyang models. It also supplies batteries and components through FinDreams, electronics-manufacturing services through BYD Electronics, power semiconductors, energy storage, and selected commercial/rail products. Revenue is

largely transactional and cyclical; recurring economics arise indirectly from replacement demand, fleet relationships, service, and ecosystem scale.

Operating Segments

Segment	Products and Services	Revenue Share	Margin Profile	Strategic Role
Auto & related	BEVs, PHEVs, buses, trucks, components	~80%+	Medium / pressured	Core
Electronics	EMS, components, intelligent products	~15%–20%	Lower	Diversifier
Energy / other	Batteries, storage, rail, and adjacent systems	Not separately verified	Mixed	Growth optionality

Geographic Exposure

Region	Revenue or Unit Share	Growth	Profitability	Key Issue
China	Majority of group volume	Slowing/pressured	Compressed	Price competition; share loss
International	>1.0m vehicles in 2025	Strong	Potentially accretive	Tariffs; localization; execution

Competitive Position

BYD's advantages are manufacturing scale, broad price coverage, fast product cadence, and vertical integration in batteries and power electronics. The Blade Battery, DM-i hybrid system, and 2026 Flash Charging platform reinforce technology credibility. Barriers include capital intensity, supply-chain integration, and distribution. Offsets are rapid imitation, expanding peer capacity, software competition, and the need to localize production in tariff-sensitive markets.

Financial Analysis

US Dollars	FY 2023	FY 2024	FY 2025	H1 2026
Revenue	\$89.9B	\$116.1B	\$120.1B	\$51.5B
Gross profit	N/A	N/A	N/A	\$9.71B
Operating income	N/A	N/A	N/A	N/A
EBITDA	N/A	N/A	N/A	N/A
Net income	\$4.49B	\$6.01B	\$4.87B	\$1.84B

US Dollars	FY 2023	FY 2024	FY 2025	H1 2026
Diluted EPS	N/A	N/A	N/A	N/A

Metric	FY 2023	FY 2024	FY 2025	Analyst View
Revenue growth	42.0%	29.0%	3.5%	Weakening
Gross margin	N/A	N/A	N/A	H1 2026 18.85%
Operating margin	N/A	N/A	N/A	Verify filing
Net margin	5.0%	5.2%	4.1%	Compressed
ROIC	N/A	N/A	N/A	Capital intensity rising

Balance Sheet and Cash Flow

Measure	Current	Prior	Assessment
Cash and equivalents	N/A	\$23.1B FY24	Verify FY25 filing
Total debt	N/A	\$4.27B FY24	Borrowing rose in 2025
Net cash/debt	N/A	Net cash FY24	Direction less favorable
Operating cash flow	N/A	N/A	Cash conversion is key
Capital expenditures	N/A	N/A	High localization spend
Free cash flow	N/A	N/A	Verify; do not infer

Financial Quality Assessment

Reported profit remains positive, and BYD entered 2025 with a strong cash position, but assess earnings quality alongside supplier payables, inventory, capex, and cash conversion. The 2025 decline in profit despite modest revenue growth indicates adverse price/mix. Investors should verify FY2025 cash flow and debt line items directly in the annual report; SWI does not infer missing figures. Capital intensity remains structurally high as BYD funds batteries, overseas plants, vessels, charging, and model development.

Valuation

Current Multiples

Peer Comparison

Company / Ticker	Market Cap	Revenue Growth	Net Margin	P / E	EV / EBITDA
BYD / BYDDY	~\$100B	3.5% FY25	4.1% FY25	~21–23x	N/A
Li Auto / LI	Live data required	Verify	Verify	Verify	Verify
XPeng / XPEV	Live data required	Verify	Verify	Verify	Verify
NIO / NIO	Live data required	Verify	Verify	N/M	Verify

Price Target Methodology

SWI uses a scenario framework rather than a single-point DCF because the ADR ratio, China pricing cycle, and geopolitical discount can dominate near-term value. The \$11.75 base case assumes earnings stabilization and a modest re-rating from the current depressed range. The \$14.50 bull case approximates the recent 52-week high; the \$8.25 bear case assumes another de-rating below the observed range. These are SWI estimates, not company guidance or consensus targets.

Component	Forecast Metric	Applied Multiple	Equity Value
Base scenario	Earnings stabilization	Scenario-based	\$11.75 / ADR
Bull scenario	Margin recovery	Range-high anchor	\$14.50 / ADR
Bear scenario	Further de-rating	Downside stress	\$8.25 / ADR

Catalysts and Risks

Catalyst	Expected Timing	Probability	Potential Stock Impact
Overseas volume and localization	2026–2027	High	Higher mix and tariff resilience
Blade 2.0 / Flash Charging rollout	2026–2027	Medium	Brand and pricing support
China margin stabilization	Next 2–4 quarters	Medium	Primary rerating trigger

Principal Risks

Risk	Likelihood	Severity	Early Warning Indicator	Mitigation or Offset
China demand/pricing	High	High	Net margin <3%; share loss	Scale and product breadth
Margin / capex	High	High	Weak cash conversion	Vertical integration
Regulatory/geopolitical	High	High	New tariffs/restrictions	Localized production
Execution/quality	Medium	High	Delays, recalls, weak mix	Manufacturing depth

Thesis Breakers

- Two consecutive quarters of year-over-year revenue contraction combined with net margin below 3.0%.
- Material loss of China NEV share, new U.S./EU restrictions, or overseas-plant delays that prevent localization benefits.
- A move above \$14.50 without corresponding earnings upgrades would make risk/reward unfavorable under this framework.

Monitoring Dashboard

Indicator	Bullish Threshold	Neutral Range	Bearish Threshold	Frequency
Revenue Growth	>10%	0% to 10%	<0%	Quarterly
Net margin	>5%	3% to 5%	<3%	Quarterly
Operating cash flow	Positive and rising	Positive/volatile	Negative	Quarterly
Overseas NEV sales	>1.5m annualized	1.0m–1.5m	<1.0m	Monthly / quarterly

Security Structure

Ticker	Security Type	Venue	Currency	Ratio or Share Basis	Liquidity
BYDDY	Un-sponsored ADR	U.S. OTC	USD	Verify depositary ratio	~1.0m+ avg shares/day
BYDDF	Foreign ordinary	U.S. OTC	USD	One H-share equivalent	Lower / variable

Ticker	Security Type		Venue	Currency	Ratio or Share Basis	Liquidity
1211.HK	H-share		Hong Kong Exchange	HKD	One share	Primary market

BYDDY is quoted on the U.S. OTC market and is not listed on the NYSE or Nasdaq. BYDDF is the OTC-traded foreign ordinary share; 1211.HK is the primary Hong Kong H-share. U.S. investors should verify ADR ratio, custody/ADR fees, dividend withholding, broker eligibility, and corporate-action treatment with their broker. OTC prices and spreads can diverge from the underlying Hong Kong security, especially outside overlapping market hours.

Technical and Trading Setup

Measure	Current Reading	Interpretation
Current price	\$10.31	Near lower end of range
52-week range	\$9.21–\$14.58	Wide, risk-sensitive range
50-day moving average	Verify live feed	Not independently verified
200-day moving average	Verify live feed	Not independently verified
Average daily volume	~1.0m–1.3m ADRs	Usable, but OTC
Primary support	\$9.21	Observed 52-week low
Primary resistance	\$14.58	Observed 52-week high

Trading Strategy

Observation range: \$9.25–\$10.25; confirmation: sustained trade above \$11.75 with improving quarterly margins; initial risk reference: below \$9.20; upside objectives: \$11.75 and \$14.50. Use modest position size because OTC liquidity, currency translation, and geopolitical headlines can create gaps. These are analytical reference levels, not guarantees or personalized trade instructions.

SWI Rating and Conclusion

Rating Rationale

HOLD / WATCH balances an exceptional operating platform against a deteriorated earnings trend. BYD deserves a quality premium for scale, integration, and international optionality, but the stock needs evidence that overseas expansion can restore profit growth. The OTC structure and absence of a near-term U.S. passenger-car launch increase uncertainty for U.S. holders.

Key Takeaways

- BYD is a globally scaled, vertically integrated NEV leader with growing reach beyond China.
- FY2025 revenue grew modestly, but profit fell 19%; H1 2026 remained under pressure.
- The current price sits near the lower end of its 52-week range, but a re-rating requires earnings confirmation.
- China competition, trade policy, capital intensity, and OTC mechanics are the decisive risks.

Bottom Line

BYDDY may suit risk-tolerant U.S. investors seeking monitored exposure to a global Chinese EV leader, but it is not a substitute for a national-exchange-listed U.S. security. The next rating review should be driven by gross/net margin, overseas sales mix, and operating cash conversion. Improvement across all three could support an upgrade; continued profit contraction would favor a more defensive stance.

Sources and Methodology

Core sources: BYD FY2025 Annual Report and 2026 Interim Report (company investor-relations site); BYD corporate and U.S. media sites; OTC Markets and public quote providers for BYDDY; Reuters, Associated Press and Financial Times for independent context. FY2023–FY2025 RMB financials are translated at RMB6.695 per US\$ solely for comparability; actual reported translations vary by period. Market data are as of September 21, 2026. Scenario values are SWI estimates. “N/A” means the source data were not independently verified for this publication.

BYD investor reports: <https://www.bydglobal.com/en/InvestorAnnals.html> **BYD corporate profile:** <https://www.byd.com/en/about-byd> **OTC Markets BYDDY:** <https://www.otcmarkets.com/stock/BYDDY/quote> **Reuters 2025 results:** <https://www.reuters.com/world/asia-pacific/chinese-ev-maker-byd-posts-first-annual-profit-decline-four-years-2026-03-27/> **Associated Press 2025 review:** <https://apnews.com/article/c2fe8ed6647f245161b7648cd7407a51>

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