Goldman Sachs Research

Equity Research
19 May 2026 | 9:23PM HKT

Sunny Optical (2382.HK): Asia Communacopia + Technology — Key Takeaways: Smartphone camera specification upgrades continues

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Asia Communacopia + Technology
18 - 19 May 2026 | Hong Kong
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We hosted Sunny Optical management at our Asia Communacopia + Technology conference (May 18-19) in Hong Kong. Management remains positive on the company's smartphone camera business in the long run, supported by product mix upgrade, and Sunny Optical mainly serves global leading smartphone brands, which would be more resilient amid the memory price hike. Management expects strong revenue growth for the IoT business growth in 2026, driven by the rising adoption rate of AI applications in IoT end products, which enhances the importance of optical components. While we are positive on Sunny Optical's long-term potential in AI edge devices, AI/ AR glasses, action/ 360 cameras, etc., we maintain our Neutral rating considering the saturated smartphone market and as we see current valuation as fair.

Key Takeaways

1. Smartphone business outlook: Management sees the rising memory price weighing on smartphone end demand and expects leading smartphone brands to be more resilient compared to small and medium-sized brands, considering the stronger supply chain management and bargaining power. Management expects continuous smartphone camera specification upgrades in the long run, supporting Sunny Optical's product ASP and margin improvement. Sunny optical mainly serves leading smartphone brands globally, along with the product mix upgrade, mitigating the overall impact of memory price hike on the company's growth.

2. IoT business outlook: Management mentioned that Sunny Optical covers diversified IoT end products, including handheld camera, drone, etc, and expects a strong revenue growth for its IoT business growth in 2026. Optical components' importance is rising in IoT products, in management's view, driven by the rising adoption rate of AI applications. Sunny Optical is leveraging its accumulated experiences in camera design and manufacturing to capture the rising end demand in IoT market.

Valuation/Risks

Price Target Risks and Methodology - Sunny Optical

Valuation methodology: We have a 12-month target price of HK$82.3 (based on 21.6x 2026E P/E), and the target P/E multiple is derived from the correlation between P/E and NI YoY growth. The 21.6x is in line with Sunny Optical's 5-year trading range. Maintain Neutral.

Risks (+/-): 1) Less-/more-than-expected competition in handset lens, 2) Faster-/slower-than-expected shipment growth in camera modules, 3) Faster-/slower-than-expected market share gain in handset lens, 4) Faster-/slower-than-expected opex ratio improvements, 5) Rmb appreciation/depreciation.

2382.HK	12m Price Target: **HK$82.30**	Price: **HK$62.65**	Upside: **31.4%**

Neutral

Market cap: HK$68.5bn / $8.7bn
Enterprise value: HK$65.1bn / $8.3bn
3m ADTV: HK$706.7mn / $90.3mn
China
Greater China Technology
M&A Rank: 3
Leases incl. in net debt & EV?: Yes

GS Forecast

	12/24	12/25E	12/26E	12/27E
Revenue (Rmb mn)	38,294.5	43,797.7	45,161.6	50,196.3
EBITDA (Rmb mn)	4,400.2	5,785.8	6,337.4	7,028.1
EPS (Rmb)	2.47	4.21	3.57	4.19
P/E (X)	18.7	12.9	15.3	13.0
P/B (X)	2.0	2.1	1.9	1.7
Dividend yield (%)	1.1	1.6	1.3	1.6
N debt/EBITDA (ex lease,X)	0.4	(0.6)	(1.0)	(1.1)
CROCI (%)	15.4	15.0	14.8	15.1
FCF yield (%)	2.3	9.4	6.7	3.8

	6/25	12/25E	6/26E	12/26E
EPS (Rmb)	1.52	2.72	1.51	2.08

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 19 May 2026 close.