Sunny Optical (2382.HK): XR and vehicle products in expansion; product mix upgrade to support growth; Neutral

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Handset camera modules are evolving towards high-end modules, such as ultra-large image size, wide-angle OIS, high-precision products with ultra-large-aperture, etc, driving the company's revenue growth and margin expansion and fulfilling brand customers' high precision and slim design requirements. 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.

XR products: Sunny Optical has maintained strong partnership with global leading brands, leveraging the full-chain vertically integrated system-level capabilities across fundamental optical components, diverse optical modules, software-hardware integrated systems. The company's ultra-thin full-color AR display modules have entered small-volume production, supporting the company's growth ahead.

1H26 beat: Sunny Optical's 1H26 revenue was +11% YoY / -7% HoH to Rmb22bn, or 9% / 4% higher than our estimate / Bloomberg consensus. 1H26 GM is YoY and HoH flat, or largely in line with our estimate, along with the YoY improved opex ratio, leading 1H26 net income +10% YoY / -40% HoH to Rmb2bn, or 10% / 8% higher than our estimate / Bloomberg consensus, reflecting the company's product mix upgrade, market share gain, and new product line expansion partially offsetting the impact of memory price hike.

Exhibit 1: 1H26 result snapshot

CNY mn	1H25	2H25	1H26	HoH	YoY	GS	Act / GS	Cons.	Act / Cons.
Revenue	19,652	23,577	21,906	-7%	11%	20,052	9%	20,983	4%
GP	3,894	4,621	4,269	-8%	10%	3,977	7%	3,982	7%
OP	1,484	2,011	1,864	-7%	26%	1,731	8%	1,668	12%
Net income	1,646	2,993	1,808	-40%	10%	1,637	10%	1,681	8%
Margins									
GM	19.8%	19.6%	19.5%			19.8%		19.0%	
OPM	7.6%	8.5%	8.5%			8.6%		7.9%	
NM	8.4%	12.7%	8.3%			8.2%		8.0%	

Source: Company data, Goldman Sachs Global Investment Research, Bloomberg

Earnings revision: We factor in Sunny Optical's 1H26 result and raise our 2026-27E net incomes by 4% / 2%, mainly on higher revenues and GMs. We raise our 2026-27E revenues by 4% / 1%, mainly on higher contribution from XR, vehicle, and optical instrument products, reflecting the company's product line expansion. Our 2027E GM is revised up to reflect the company's product mix upgrade towards high-end

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handset camera modules, which carries a higher margin. We introduce our 2028E estimate.

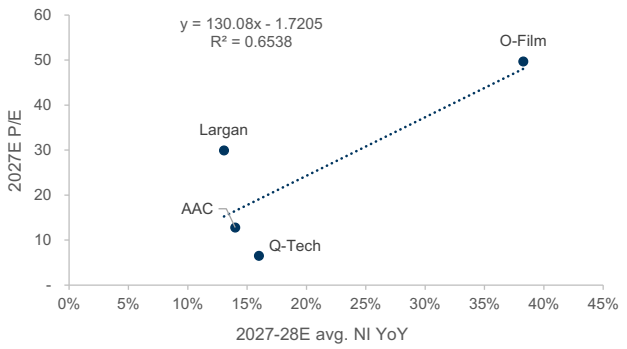
Exhibit 2: Earnings revision

	2026E			2027E			2028E		
Rmb m	Old	New	Chg	Old	New	Chg	Old	New	Chg
Revenue	45,162	47,021	4%	50,196	50,587	1%		56,852	
GP	9,138	9,431	3%	10,138	10,327	2%		11,680	
OP	4,192	4,326	3%	4,801	4,949	3%		5,584	
Net income	3,892	4,045	4%	4,578	4,664	2%		5,383	
Margins									
GM	20.2%	20.1%		20.2%	20.4%			20.5%	
OPM	9.3%	9.2%		9.6%	9.8%			9.8%	
NM	8.6%	8.6%		9.1%	9.2%			9.5%	

Source: Goldman Sachs Global Investment Research

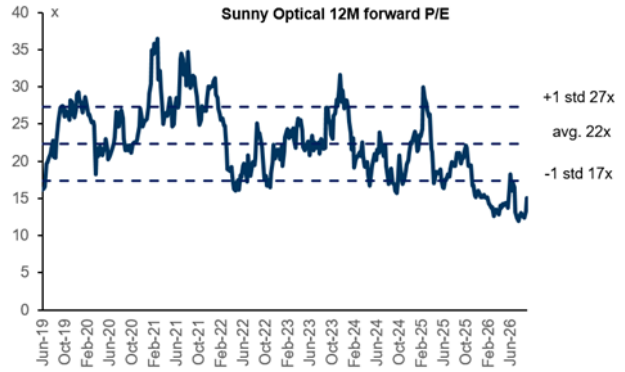
Valuation: We roll the base year forward to 2027E and continue to use near term P/E to derive our 12M TP. Our 2027E target P/E is updated to 18.3x (vs. old TP implied at 19.6x), still derived from peers' correlation between forward year earnings growth and P/E. With the updated earnings estimates and target P/E, our 12M TP is updated to HK$83.3 (vs. HK$82.3 previously). **Maintain Neutral.**

Exhibit 3: Peers' correlation between forward year PE and earnings growth



Source: Company data, Goldman Sachs Global Investment Research, Refinitiv Eikon

Exhibit 4: Sunny Optical 12M forward P/E



Source: Refinitiv Eikon

Exhibit 5: P&L summary

PL													
Rmb m	1H25	2H25	1H26	2H26E	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Revenues	19,652	23,577	21,906	25,115	38,002	37,497	33,197	31,681	38,294	43,229	47,021	50,587	56,852
Gross profits	3,894	4,621	4,269	5,162	8,698	8,736	6,605	4,590	7,006	8,516	9,431	10,327	11,680
Operating income	1,484	2,011	1,864	2,462	5,167	5,062	2,520	599	2,243	3,494	4,326	4,949	5,584
Pretax income	1,865	3,551	2,202	2,616	5,643	5,635	2,715	1,358	3,144	5,416	4,819	5,455	6,296
Net income	1,646	2,993	1,808	2,237	4,872	4,988	2,408	1,099	2,699	4,639	4,045	4,664	5,383
EPS (Rmb)	1.52	2.75	1.68	2.08	4.46	4.57	2.20	1.01	2.47	4.25	3.71	4.27	4.93
Margins													
GM	19.8%	19.6%	19.5%	20.6%	22.9%	23.3%	19.9%	14.5%	18.3%	19.7%	20.1%	20.4%	20.5%
OPM	7.6%	8.5%	8.5%	9.8%	13.6%	13.5%	7.6%	1.9%	5.9%	8.1%	9.2%	9.8%	9.8%
NM	8.4%	12.7%	8.3%	8.9%	12.8%	13.3%	7.3%	3.5%	7.0%	10.7%	8.6%	9.2%	9.5%
YoY													
Revenues	4%	21%	11%	7%	0%	-1%	-11%	-5%	21%	13%	9%	8%	12%
Gross profits	20%	23%	10%	12%	12%	0%	-24%	-31%	53%	22%	11%	10%	13%
Operating income	50%	60%	26%	22%	12%	-2%	-50%	-76%	275%	56%	24%	14%	13%
Pretax income	49%	87%	18%	-26%	24%	0%	-52%	-50%	131%	72%	-11%	13%	15%
Net income	53%	85%	10%	-25%	22%	2%	-52%	-54%	146%	72%	-13%	15%	15%
EPS (Rmb)	52%	84%	11%	-24%	22%	2%	-52%	-54%	146%	72%	-13%	15%	15%

Source: Company data, Goldman Sachs Global Investment Research

Price Target Risks and Methodology - Sunny Optical

Valuation methodology: We have a 12-month target price of HK$83.3 (based on 18.3x 2027E P/E); the target P/E multiple is derived from the correlation between P/E and NI YoY growth. We are Neutral rated.

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$83.30**	Price: **HK$69.60**	Upside: **19.7%**

Neutral

Market cap: HK$76.1bn / $9.7bn
Enterprise value: HK$70.7bn / $9.0bn
3m ADTV: HK$1.0bn / $130.7mn
China
Greater China Technology
M&A Rank: 3
Leases incl. in net debt & EV?: Yes

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue (Rmb mn) New	**43,229.1**	**47,021.1**	**50,586.9**	**56,852.1**
Revenue (Rmb mn) Old	43,797.7	45,161.6	50,196.3	–
EBITDA (Rmb mn)	5,802.0	6,413.3	7,043.6	7,694.5
EPS (Rmb) New	**4.25**	**3.71**	**4.27**	**4.93**
EPS (Rmb) Old	4.21	3.57	4.19	–
P/E (X)	15.9	16.1	13.9	12.1
P/B (X)	2.5	2.0	1.8	1.7
Dividend yield (%)	1.8	1.7	2.0	2.3
CROCI (%)	17.3	15.6	15.9	16.5

	6/26	12/26E	6/27E	12/27E
EPS (Rmb)	1.68	2.08	1.89	2.44

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 9 Sep 2026 close.

