

# Chinese EV giant BYD announces record annual profit for 2023

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Chinese battery and automotive giant BYD achieved a record profit in 2023, annual results showed Tuesday.

Chinese battery and automotive giant BYD achieved a record profit in 2023, annual results showed Tuesday, despite fierce competition in the

country as demand for electric vehicles grows.

The Shenzhen-based company is now moving quickly overseas—including into countries in Southeast Asia but also further afield in Latin America and Europe—as a price war continues to be waged in China, the world's largest automotive market.

BYD overtook Elon Musk's Tesla in the fourth quarter of 2023 to become the world's top seller of EVs.

The firm recorded a net profit of 30 billion yuan (\$4.16 billion) last year, according to a filing to the Shenzhen Stock Exchange, up 80.7 percent year-on-year from 16.6 billion yuan in 2022, reaching an all-time high.

The figure is in line with a forecast issued by the firm in late January of 29-31 billion yuan.

Originally specializing in the design and manufacture of batteries, the company began diversifying into the automotive sector in 2003.

In April 2022, BYD announced it had ceased the production of cars powered solely by gasoline, instead focusing exclusively on hybrid and electric models.

BYD's biggest advantage it now holds over competitors is scale, Tu Le, founder and managing director of Sino Auto Insights, told AFP.

The firm's high production volume allows them to "aggressively price their vehicles and keep pressure on struggling EV startups and (original equipment manufacturers), including Tesla", said Le.

BYD, which adopts the English slogan "Build Your Dreams", last year

became the first automaker to pass the milestone of five million hybrid and all-electric vehicles sold, cumulatively.

## **Growing scale**

China is now the world's largest producer of greenhouse gases, but officials plan for domestic car sales to be made up mainly of electric and hybrid models by 2035.

The country's EV market has grown rapidly in recent years, initially propelled by purchasing subsidies that were discontinued in late 2022.

Now dozens of domestic automakers are engaged in a stiff battle of price cuts, fighting to get ahead in a crowded market as broader headwinds weigh on China's economy.

In a note attached to the earnings report, CEO Wang Chuanfu acknowledged the year had not been all smooth sailing.

"At the beginning of the year, the recovery of automobile consumption was relatively lagging behind, affected by the switch in promotional policies and market price fluctuations," he wrote.

XPeng—one of BYD's top competitors in China—last week reported a net loss of 10.4 billion yuan (\$1.4 billion) in 2023.

As BYD continues to perform well in the competitive Chinese market, it is now expanding abroad.

Earlier this year, BYD said that its future EV factory in Hungary would begin production in three years, making it the first Chinese firm to manufacture passenger cars in Europe.

One of the company's eight bespoke cargo ships arrived in Germany in February, delivering around 3,000 cars in a bold bid to take on the European automaking powerhouse in its own market.

It is still unclear, however, if the firm will be able to achieve high sales on the continent.

The European Union launched an investigation last year into Chinese state subsidies, which it said had given companies from the country an "unfair" leg up in the local market.

## **'First mover'**

BYD is also making major inroads in emerging markets across Latin America and Southeast Asia.

"It's all part of their strategy to be the first mover into these markets before Tesla and their Chinese competitors enter," Le told AFP.

"This will give them a headstart on building awareness, educating the consumer about their products and ultimately building trust in those markets it needs to attract buyers."

Expanding into so many foreign markets won't be easy, particularly in Europe and North America, Le said.

"But right now they are clearly the best positioned to take advantage of this global shift towards clean energy vehicles," he said, adding that he has "no doubt" BYD founder Wang understands the challenges ahead.

In addition to being a leading EV manufacturer, BYD also supplies batteries to major global automakers including Tesla, BMW, Mercedes and Audi.

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