

# “BYD - One of the best Transformations over 25 years”



Weekly Learnings 47 / 2024

Last quarter, BYD overtook Tesla as the largest EV company. I always quote BYD as an amazing transformation example in the last 25 years, Apple is the other. After they overtook Tesla, I dug deeper into their history and strategy.

Here is what I learnt:

1. BYD revenue last quarter was \$28.2 billion, higher than Tesla at \$25.2 billion. Revenue grew 24% and profit grew 11.5%. BYD margin is 21.9%, ahead of Tesla at 17% and Chinese competitors Zeekr at 14.2% and Xpeng at 6.4%.
2. BYD was started by Wang Chuanfu in 1995 in Shenzhen. He was an academic who worked for the Beijing government when he started BYD batteries. BYD revenue was \$14 million in 1997. By 2003, BYD became the world's no. 1 Nickel cadmium battery maker supplying to Nokia, etc.
3. In 2003, BYD bought a defunct EV Chinese government-owned company for \$38 million. The BYD investors were furious and tanked the stock by 21%. In 2008 came the big break, Warren Buffett bought shares at \$1 a share and invested \$230 million for a 10% share in BYD. The BYD share price shot up dramatically. BYD does EVs, plug-in hybrids, cars, buses, forklifts, semiconductors and batteries. BYD is leader in Israel and Thailand.
4. BYD operates in 88 countries and has plants in Thailand, Hungary, Brazil, Uzbekistan. It also has a tie-up with HUBCO, the largest private electricity company in Pakistan. BYD Mkt cap is \$112 billion, Tesla is close to \$780 billion, GM is \$56 billion !!
5. BYD has what I label a VIPER strategy. They are Vertically integrated, they make their own batteries, semiconductors etc. 75% of their components are made in-house. I is for Innovation, they have been relentless on Innovation. They have close to 15,000 patents in China and 4,000 globally. The cars are like a consumer electronics toy shop, P is for their portfolio, E is for eco-system partnerships, they compete and collaborate, BYD supplies batteries to Toyota and the blade battery to the Tesla Germany factory and R is for revenue management. They have a BYD

dolphin priced at \$14,000 and a premium BYD Denza around \$52,000. The EV industry is seeing a massive price fight. BYD answer is very different, they are launching longer range models, with advanced features at lower prices than original models. That's going to hurt all the other brands.

For all the success, the BYD owner Wang Chuanfu is a low key person. The auto industry has seen big owner brand personalities like Ford, Benz, Chrysler, De Lorean, Ferrari, Honda, Aston Martin, Chevrolet, Porsche, Rolls Royce, Renault and Toyota. They were larger than life compared to the size of their company. Add to that list larger than life professionals like Lee Iacocca, Carlos Ghosn, Rick Wagoner and you appreciate Wang's low key approach despite the dramatic transformation success.

Kudos to BYD, they must go global, they must sell EV cars in US now!

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## BYD quarterly sales beat Tesla for first time

Warren Buffett-backed Chinese carmaker's revenues surge 24 per cent but fierce competition slims margins



BYD sold a record 1.1mn cars in the three months to September © Nathan Laine/Bloomberg



Wang Chuanfu, the BYD owner



**BYD was the battery partner for Nokia smartphones, today they are the No 1 EV car company in the world!!**

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**Great product**

**Vertical integration**

**R & D**

**Speed**

**Chinese Govt/Warren Buffett**

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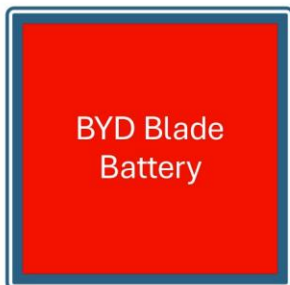


**BYD Denza range – Premium ~\$52 K**

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BYD Dolphin Range – Price fighter- \$14 K





London Double Decker BYD EV bus



BYD EV Bus America