CAPITAL CYCLE

INTELLIGENCE

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DEEP DIVE REPORT

Institutional-Grade Research for Serious Investors



BYD

CCI Deep Dive Report

Flagship Edition

THE MANUFACTURING SCALE MACHINE

How BYD Became The World's Largest EV Producer — And Why The Market Still Values Tesla More Highly

June 2026

A Capital Cycle Perspective

Price is the Output

Liquidity, Growth and Credit are the Inputs

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EXECUTIVE SUMMARY

The global electric vehicle industry has entered a new phase.

For much of the last decade, Tesla defined the EV revolution. It pioneered the market, built the world's most recognisable electric vehicle brand, and demonstrated that electric vehicles could compete with traditional internal combustion engines.

Yet leadership within an industry does not remain static.

As industries mature, the sources of competitive advantage often change. Innovation gives way to execution. Scarcity gives way to scale. Narrative gives way to economics.

The evidence suggests the global EV industry may now be entering that transition.

BYD has quietly become the world's largest electric vehicle manufacturer. It now leads Tesla in annual deliveries, global EV market share, and the growth of its manufacturing footprint. More importantly, it has achieved this while improving profitability and expanding its competitive position across the world's largest EV market.

Despite these achievements, financial markets continue to value Tesla at a substantial premium.

This raises an important question.

Is the market correctly valuing two fundamentally different businesses, or is it underestimating the significance of BYD's manufacturing scale advantage?

This report examines the rise of BYD through the lens of the Capital Cycle, exploring how manufacturing scale, vertical integration, market share and investor expectations are reshaping the competitive landscape of the global EV industry.

The objective is not to determine whether BYD or Tesla is the better company.

The objective is to determine what the market is currently paying for, what assumptions are embedded in those valuations, and whether the gap between operational performance and market expectations creates opportunity for long-term investors.

CHAPTER 1

THE GLOBAL EV BATTLEFIELD

The Largest Transformation In Automotive History

The automotive industry is undergoing one of the largest transformations in its history.

For more than a century, the internal combustion engine dominated global transportation. Manufacturers competed on engineering, distribution, brand strength and production efficiency, while the fundamental technology underpinning the industry remained largely unchanged.

Electric vehicles have altered that equation.

What began as a niche segment of the automotive market has evolved into one of the most significant industrial transitions of the modern era. Governments, manufacturers, investors and consumers have collectively committed trillions of dollars toward electrification, creating a structural shift that continues to reshape the global automotive landscape.

The scale of this transition is difficult to overstate.

Electric vehicle adoption has expanded from a small fraction of global vehicle sales into a rapidly growing share of the market. Advances in battery technology, manufacturing efficiency, charging infrastructure and consumer acceptance have accelerated adoption far faster than many industry observers anticipated only a decade ago.

The result has been the emergence of a new competitive battlefield.

No longer are automotive companies competing solely against traditional manufacturers. Instead, a new generation of companies is competing to define the future of transportation, energy storage, battery technology and industrial manufacturing.

At the centre of this transformation sit two companies that have come to symbolise different approaches to success.

Tesla pioneered the modern EV industry. Through innovation, brand strength and technological leadership, it demonstrated that electric vehicles could compete with and ultimately outperform traditional alternatives.

BYD followed a different path.

Rather than leading through narrative and disruption, BYD focused on manufacturing scale, vertical integration and industrial execution. What began as a battery manufacturer evolved into one of the largest automotive producers in the world.

Today, these two companies represent distinct models of competitive advantage.

Tesla represents innovation, software and future optionality.

BYD represents manufacturing, scale and operational execution.

Understanding which model ultimately creates the greatest value requires first understanding the industry itself.

The global EV market remains in its growth phase. Penetration rates continue to rise, governments continue to support electrification, and manufacturers continue to invest heavily in future production capacity.

Yet the nature of competition is changing.

The first phase of the EV revolution rewarded innovation.

The next phase may reward scale.

That distinction forms the foundation of this report.

The evidence presented throughout the following chapters suggests that the industry may be entering a new stage of the capital cycle—one where manufacturing efficiency, market share and industrial execution become increasingly important drivers of long-term success.

The question is no longer whether electric vehicles will become mainstream.

The question is which companies are best positioned to dominate the industry once they do.

Global EV Market Share

Year	BYD	Tesla
2019	2%	16%
2020	3%	17%
2021	5%	14%
2022	10%	13%
2023	16%	12%
2024	22%	10%
2025	24%	8%

Chart Commentary

Market share remains concentrated among a relatively small group of manufacturers, reflecting the scale and capital requirements necessary to compete effectively. As the industry matures, leadership is increasingly shifting from innovation alone toward execution and manufacturing efficiency.

CHAPTER 2

THE RISE OF BYD

From Battery Manufacturer To EV Giant

Every dominant company has an origin story.

In many cases, the seeds of future success are planted long before the market recognises their significance.

For BYD, those seeds were planted not in automotive manufacturing, but in batteries.

Founded in 1995, BYD began life as a rechargeable battery producer, competing in a rapidly growing market driven by consumer electronics. The company built its reputation through manufacturing efficiency, cost control and a relentless focus on production scale. Long before electric vehicles became mainstream, BYD was learning how to manufacture complex products at scale while maintaining tight control over costs.

This foundation would prove invaluable.

Where many automotive manufacturers approached electrification as an extension of traditional vehicle manufacturing, BYD approached it from the opposite direction. The company already understood batteries—the most important and expensive component within an electric vehicle. Rather than learning battery technology as part of an automotive transition, BYD entered the transition with battery expertise already embedded within its DNA.

That distinction may appear subtle, but it helps explain much of what followed.

As electric vehicle adoption accelerated, BYD was able to leverage its battery capabilities across a growing portfolio of products. The company expanded beyond batteries into passenger vehicles, commercial vehicles, buses, energy storage systems and broader electrification solutions.

In effect, BYD was not simply building cars.

It was building an integrated manufacturing ecosystem.

This strategy created a level of vertical integration that few competitors could replicate. Batteries, semiconductors, electric drivetrains and key components increasingly moved under the same corporate umbrella, reducing dependence on external suppliers while improving control over costs, production schedules and technological development.

The result was a business model fundamentally different from many traditional automotive manufacturers.

While much of the industry focused on product differentiation and branding, BYD focused on manufacturing capability.

Scale became the competitive advantage.

The evidence suggests this strategy has been extraordinarily successful.

Vehicle deliveries have expanded from approximately 230,000 vehicles in 2019 to more than 4.6 million vehicles in 2025. Revenue has grown alongside production, transforming BYD from a regional manufacturer into the world's largest producer of electric vehicles.

More importantly, this growth has not been achieved through a single product cycle or temporary surge in demand. Instead, it reflects the steady expansion of manufacturing capacity, product breadth and market reach across multiple segments of the EV ecosystem.

The significance of this achievement extends beyond vehicle sales.

Historically, the automotive industry has rewarded companies capable of producing high-quality vehicles efficiently and at scale. While innovation often captures investor attention, manufacturing excellence has frequently determined long-term industry leadership.

This raises an important question.

Has BYD merely become a larger automotive manufacturer?

Or has it become something more significant—a modern industrial platform built around electrification?

The answer to that question sits at the heart of BYD's investment case.

Because if the company's competitive advantage is rooted not in a single product, but in an integrated manufacturing ecosystem, then its future opportunities may extend well beyond the vehicle market alone.

The charts that follow suggest this possibility deserves serious consideration.

BYD Deliveries

Year	BYD Vehicle Deliveries
2019	229,506
2020	189,689
2021	603,783
2022	1,863,494
2023	3,024,417
2024	4,272,145

2025	4,602,436
Total	**14,785,470**

Chart Commentary

BYD's delivery growth illustrates one of the most remarkable scaling stories within modern manufacturing. What began as a regional producer has evolved into the world's largest EV manufacturer through relentless expansion of production capacity.

BYD Revenue Growth

Year	Revenue (USD bn)
2019	18
2020	23
2021	34
2022	62
2023	84
2024	108
2025	122
Total	**451**

Chart Commentary

Revenue growth has closely followed production growth, demonstrating that BYD's expansion is being supported by genuine commercial demand rather than short-term market enthusiasm.

BYD Net Income Growth

Year	Net Income (RMB bn)
2019	1.6
2020	4.2
2021	3
2022	16.6
2023	30
2024	40.3

2025	32.62
Total	**128.32**

Chart Commentary

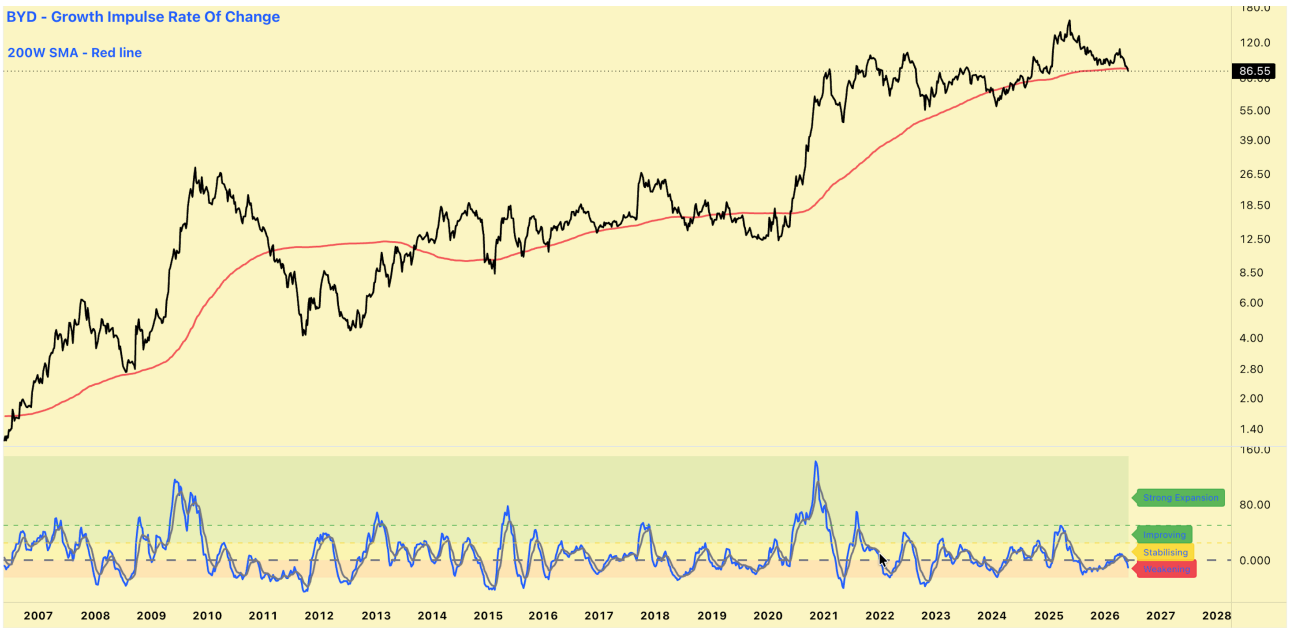
The growth in profitability suggests BYD's scale is increasingly translating into economic value. Revenue growth alone can be misleading, but sustained earnings expansion confirms that the business is becoming stronger as it grows.

PULL QUOTE

"BYD did not win through narrative.

It won through manufacturing."

BYD Share Price



Price Commentary

BYD's share price reflects the market's gradual recognition of its transformation from battery manufacturer to global EV leader. While operational growth has been extraordinary, investor sentiment has fluctuated significantly throughout the journey, highlighting the difference between business performance and market expectations.

CHAPTER 3

THE SCALE WAR

When The Challenger Becomes The Leader

For much of the past decade, the electric vehicle industry revolved around Tesla.

It was the company investors measured others against. It pioneered the modern EV market, captured the imagination of consumers, and became the benchmark for innovation within the industry.

BYD was rarely viewed through the same lens.

While Tesla attracted headlines, BYD focused on manufacturing capacity, production efficiency and the steady expansion of its product ecosystem. Its rise was gradual, often receiving far less attention from investors despite its growing presence within the global EV market.

Yet industries have a habit of rewarding execution.

Over time, production scale, manufacturing efficiency and market share gains often become more important than early leadership.

The evidence suggests the EV industry may now be entering that phase.

In 2019, Tesla delivered approximately 368,000 vehicles compared to BYD's 230,000. At the time, Tesla appeared firmly established as the industry's dominant player.

The years that followed tell a very different story.

BYD's vehicle deliveries expanded at an extraordinary pace, growing from fewer than a quarter of a million vehicles to more than 4.6 million by 2025. Over the same period, Tesla's deliveries continued to increase but at a far slower rate, reaching approximately 1.6 million vehicles.

The scale of BYD's growth is difficult to ignore.

Between 2019 and 2025, BYD delivered approximately 14.8 million vehicles compared to Tesla's 8.4 million. What was once a substantial gap in Tesla's favour has reversed completely.

The delivery growth data is equally revealing.

During the industry's expansion phase, BYD consistently achieved growth rates that exceeded Tesla's. The company successfully scaled production through multiple market cycles, benefiting from strong domestic demand, expanding product offerings and increasing manufacturing capacity.

Tesla remains a large and influential manufacturer, but the numbers suggest the competitive landscape has changed.

This transition becomes even more apparent when viewed through market share.

Tesla entered the period as the clear leader within the global EV market. BYD held only a small fraction of industry share and was often viewed as a regional participant rather than a global competitor.

Today, that picture looks very different.

BYD now commands a significantly larger share of global EV sales, while Tesla's market share has gradually declined as competition across the industry has intensified.

Importantly, this does not imply Tesla is failing.

Tesla continues to grow revenue, expand production and maintain one of the strongest brands in the automotive industry.

Rather, it suggests that the nature of leadership within the EV market is changing.

The first phase of the EV revolution rewarded innovation and category creation.

The next phase may reward manufacturing scale.

That distinction matters because scale creates advantages that compound over time.

Larger manufacturers can negotiate more effectively with suppliers, spread fixed costs across greater production volumes, accelerate product development and invest more heavily in future capacity. These advantages often reinforce themselves, creating a feedback loop that strengthens market position.

Historically, this dynamic has played out repeatedly across industrial industries.

Early innovators create the market.

Scale leaders eventually dominate it.

Whether the EV industry follows the same path remains one of the most important questions facing investors today.

The evidence presented thus far suggests BYD has already won the battle for scale.

The question now becomes whether scale alone is sufficient to create superior economics, profitability and shareholder returns.

That is where the story becomes far more interesting.

Tesla Deliveries

Year	Tesla Vehicle Deliveries
2019	367,500
2020	499,550
2021	936,172
2022	1,313,851
2023	1,808,581
2024	1,789,226
2025	1,636,129
Total	**8,351,009**

Chart Commentary

Tesla remains one of the most important companies within the EV ecosystem. However, delivery growth has moderated significantly as the company transitions from hyper growth toward a more mature phase of expansion.

BYD vs Tesla Deliveries

Year	BYD Vehicle Deliveries	Tesla Vehicle Deliveries
2019	229,506	367,500
2020	189,689	499,550
2021	603,783	936,172
2022	1,863,494	1,313,851
2023	3,024,417	1,808,581
2024	4,272,145	1,789,226
2025	4,602,436	1,636,129
Total	**14,785,470**	**8,351,009**

Chart Commentary

This chart captures the changing balance of power within the EV industry. BYD has moved from challenger to leader, overtaking Tesla through sustained production growth and manufacturing expansion.

Delivery Growth %

Year	BYD Delivery Growth	Tesla Delivery Growth
2020	-17.35%	35.93%
2021	218.30%	87.40%
2022	208.64%	40.34%
2023	62.30%	37.65%
2024	41.25%	-1.07%
2025	7.73%	-8.56%
Average	**86.81%**	**31.95%**

Chart Commentary

Growth rates often reveal turning points before absolute numbers do. The data suggests BYD maintained stronger momentum for longer, allowing it to close and ultimately surpass Tesla's production lead.

CAPITAL CYCLE INSIGHT

The first phase of an industry rewards innovation.

The second phase rewards scale.

Tesla helped create the EV market.

BYD appears to be consolidating it.

CHAPTER 4

THE ECONOMICS OF SCALE

When Growth Becomes Profit

Growing quickly is difficult.

Growing profitably is considerably harder.

Throughout industrial history, investors have often confused scale with success. Expanding production, increasing market share and growing revenue can create the appearance of strength, but these achievements do not automatically translate into shareholder value.

The critical question is whether growth creates better economics.

This distinction sits at the heart of BYD's investment case.

The previous chapter demonstrated that BYD has successfully won the battle for scale. Vehicle deliveries have expanded dramatically, global market share has increased, and the company has established itself as the world's largest electric vehicle manufacturer.

Yet scale alone is not enough.

If growth comes at the expense of profitability, then market leadership can become a burden rather than an advantage. History is filled with examples of companies that achieved extraordinary scale only to discover that larger volumes failed to generate attractive returns.

The evidence suggests BYD may be following a different path.

One of the most revealing charts in this report is the evolution of gross margins.

For many years Tesla enjoyed a clear profitability advantage. This advantage became one of the central pillars supporting Tesla's premium valuation. Investors could reasonably argue that Tesla deserved a higher multiple because it combined strong growth with superior economics.

That argument has become increasingly difficult to make.

While Tesla's margins have gradually compressed, BYD's margins have steadily improved. What initially appeared to be a gap in Tesla's favour has narrowed and ultimately reversed.

This reversal is significant.

Margin expansion during periods of rapid growth is rare. Companies typically sacrifice profitability to gain market share, reduce prices to attract customers, or invest heavily in capacity expansion. These actions often pressure margins, particularly in competitive industries.

BYD appears to have achieved the opposite.

As production volumes increased, profitability improved.

This suggests that scale is no longer simply driving growth. It is beginning to drive efficiency.

The implications are important.

Higher production volumes allow fixed costs to be spread across more vehicles. Greater purchasing power improves supplier economics. Vertical integration reduces dependence on external vendors and helps capture value that would otherwise accrue elsewhere within the supply chain.

Each of these advantages compounds over time.

The larger BYD becomes, the more efficiently it can operate.

The more efficiently it operates, the more competitive its products become.

The more competitive its products become, the greater its ability to gain additional market share.

This feedback loop is one of the most powerful forces in industrial markets.

Importantly, Tesla still maintains meaningful advantages in areas such as brand strength, software capabilities and revenue per vehicle. The company continues to generate significantly higher revenue from each vehicle sold, reflecting its premium positioning within the market.

However, the relationship between revenue and profitability is changing.

Historically, investors could point to Tesla's superior margins as evidence that premium pricing translated into superior economics.

The latest data suggests that assumption deserves reconsideration.

BYD now appears capable of competing on both scale and profitability.

That combination has historically proven difficult for competitors to challenge.

The significance of this development extends beyond the EV industry.

It raises a broader question about the future structure of the market.

Is BYD becoming the dominant manufacturer within electric vehicles?

Or is it becoming something more powerful—a manufacturing platform capable of leveraging scale across multiple segments of the electrification ecosystem?

The answer may ultimately determine whether the company's recent success represents the peak of its achievement or merely the beginning.

Before we can answer that question, however, we must confront another.

If BYD's operational performance continues to improve, why does the market still value Tesla so much more highly?

That is where the story takes an unexpected turn.

Revenue Comparison

Year	BYD (USD bn)	Tesla (USD bn)
2019	18	24.6
2020	23	31.5
2021	34	53.8
2022	62	81.5
2023	84	96.8
2024	108	97.7
2025	122	95.7
Total	**451**	**481.6**

Chart Commentary

Revenue provides an important measure of economic scale. While Tesla continues to generate substantial revenue, BYD's rapid growth highlights the increasing financial significance of its manufacturing platform.

BYD Revenue Per Vehicle

Year	BYD Revenue / Vehicle	Tesla Revenue / Vehicle
2019	$78,429	$66,939
2020	$121,251	$63,057
2021	$56,312	$57,468
2022	$33,271	$62,032
2023	$27,774	$53,521

2024	$25,280	$54,604
2025*	$26,508	$57,453
Average	**$52,689**	**$59,296**

Chart Commentary

Tesla continues to generate higher revenue per vehicle, reflecting its premium positioning. However, BYD's ability to compete effectively at lower price points has been a key driver of market share gains.

Gross Margin Trend

Year	BYD Gross Margin	Tesla Gross Margin
2019	17.00%	18.90%
2020	19.00%	21.00%
2021	17.00%	25.00%
2022	20.00%	25.60%
2023	21.00%	18.30%
2024	22.30%	17.90%
2025	TBD	TBD

Chart Commentary

This may be one of the most important charts in the report. BYD's improving margins suggest scale is beginning to create efficiency advantages, while Tesla's margin compression highlights the increasing competitiveness of the industry.

CAPITAL CYCLE INSIGHT

Growth is impressive.

Profitable growth is rare.

Improving margins alongside rising market share suggest BYD's scale advantage may be becoming self-reinforcing.

PULL QUOTE

“The first phase of the EV revolution rewarded innovation.

The next phase may reward scale.”

BYD vs Tesla Relative Performance



Price Commentary

Operational leadership and share price leadership do not always move together. While BYD has increasingly dominated on deliveries, market share and margin trends, Tesla continues to command investor attention through its technology narrative and future optionality. The divergence between business performance and market valuation sits at the heart of this report.

CHAPTER 5

THE VALUATION PUZZLE

What Exactly Is The Market Paying For?

By the end of the previous chapter, the evidence appears surprisingly one-sided.

BYD has become the world's largest electric vehicle manufacturer.

It has grown deliveries faster than Tesla.

It has captured greater global market share.

It has improved profitability while expanding production.

And it now generates margins that compare favourably against its most significant competitor.

If operational performance alone determined valuation, the investment case would appear straightforward.

Yet financial markets tell a very different story.

Despite BYD's achievements, Tesla continues to command a valuation multiple that far exceeds that of its Chinese rival.

This creates one of the most fascinating disconnects within global equity markets.

The numbers are difficult to ignore.

On a market capitalisation basis, Tesla remains worth several times more than BYD.

On a price-to-sales basis, investors continue to pay a substantial premium for every dollar of Tesla revenue compared to every dollar of BYD revenue.

Perhaps most strikingly, when measured on a market-cap-per-vehicle-delivered basis, Tesla's valuation remains dramatically higher despite BYD's leadership in production volumes.

The obvious question follows naturally.

What exactly is the market paying for?

The answer appears to have little to do with automobiles.

Tesla's valuation no longer reflects its position solely as a vehicle manufacturer.

Instead, investors appear to be valuing Tesla as a collection of future opportunities.

> Autonomous driving.

> Robotaxis.

> Artificial intelligence.

> Energy storage.

> Humanoid robotics.

> Software-driven revenue streams.

Whether these opportunities ultimately succeed remains uncertain. What matters from a valuation perspective is that investors continue to assign significant value to their potential.

This distinction is critical.

BYD is largely valued for what it has already achieved.

Tesla is largely valued for what it may become.

These are fundamentally different forms of valuation.

One is anchored in current earnings, production capacity and market share.

The other is anchored in future possibilities.

History suggests both approaches can create extraordinary investment outcomes.

Some of the greatest investments of the modern era emerged because markets underestimated future optionality.

Others emerged because markets underestimated the value of dominant industrial businesses.

The challenge for investors is determining which type of opportunity they are being offered.

The evidence suggests BYD increasingly resembles a dominant industrial platform.

Its scale advantages continue to expand. Its manufacturing capabilities continue to improve. Its position within the global EV ecosystem continues to strengthen.

Yet the market remains reluctant to award BYD the same premium valuation afforded to Tesla.

This may reflect legitimate differences in future growth opportunities.

It may reflect geopolitical concerns.

It may reflect investor preferences for technology narratives over manufacturing businesses.

Or it may simply reflect the market's tendency to focus on what could happen tomorrow rather than what is happening today.

Importantly, this report does not attempt to determine whether Tesla's premium valuation is justified.

That is not the objective.

The objective is to understand what assumptions investors must believe in order for that premium to persist.

For Tesla, investors are betting on future optionality.

For BYD, investors are betting on continued execution.

One bet is rooted in possibility.

The other is rooted in evidence.

Neither approach is inherently right or wrong.

But they are very different.

And understanding that difference may be the single most important insight contained within this report.

Because the investment opportunity does not lie in determining which company is superior.

It lies in determining whether the gap between operational performance and market expectations has become too large.

The larger that gap becomes, the more important the next question becomes.

What happens if BYD continues to execute while the market continues to value it as a conventional automaker?

The answer may define the next phase of the global EV industry.

Market Capitalisation Comparison

Year	BYD (USD bn)	Tesla (USD bn)
2019	75	76
2020	95	669
2021	128	1060
2022	90	388
2023	78	790
2024	115	403
2025	165	340
Average	**106.57**	**532.29**

BYD vs Tesla Relative Performance



Chart Commentary

Despite BYD's operational achievements, Tesla continues to command a substantially higher valuation. This reflects differing investor expectations rather than current business performance alone.

Market Cap Per Vehicle Delivered

Year	BYD Market Cap / Vehicle	Tesla Market Cap / Vehicle
2019	$326,789	$206,803
2020	$500,820	$1,339,205
2021	$211,996	$1,132,270
2022	$48,297	$295,315
2023	$25,790	$436,805
2024	$26,919	$225,797
2025	$35,850	$207,807

Chart Commentary

This chart highlights the premium investors continue to assign to Tesla's future opportunities. Each Tesla vehicle delivered carries a significantly higher implied valuation than each BYD vehicle delivered.

CAPITAL CYCLE INSIGHT

Markets do not pay for what a company is.

Markets pay for what investors believe it can become.

The valuation gap between BYD and Tesla reflects expectations, not current production.

BYD Market Cap Per Dollar Of Revenue

Year	BYD Market Cap	BYD Revenue	P/S Ratio
2019	75	18	4.17x
2020	95	23	4.13x
2021	128	34	3.76x
2022	90	62	1.45x
2023	78	84	0.93x
2024	115	108	1.06x
2025	165	122	1.35x

Tesla Market Cap Per Dollar Of Revenue

Year	Tesla Market Cap	Tesla Revenue	P/S Ratio
2019	76	24.6	3.09x
2020	669	31.5	21.24x
2021	1060	53.8	19.70x
2022	388	81.5	4.76x
2023	790	96.8	8.16x
2024	403	97.7	4.12x
2025	340	94.0*	3.62x

Chart Commentary

The valuation gap remains substantial even when measured against revenue generation. Investors continue to pay materially more for each dollar of Tesla sales than for each dollar of BYD sales.

PULL QUOTE

“Tesla is priced for possibility.

BYD is priced for execution.”

INTERMISSION

THE GREAT DIVERGENCE

Scale vs Narrative

Operational leadership and market leadership are not always the same thing.

BYD appears to be winning the battle for production, market share and manufacturing scale.

Tesla continues to win the battle for investor imagination.

One company is increasingly defined by what it has already achieved.

The other continues to be defined by what investors believe it may become.

This divergence sits at the heart of the modern EV industry.

Historically, markets have rewarded both approaches at different stages of the capital cycle.

Periods of innovation often favour vision, disruption and future optionality.

Periods of industrial maturity often favour scale, efficiency and execution.

The EV industry now appears caught between these two worlds.

BYD increasingly embodies the economics of scale.

Tesla continues to embody the power of possibility.

Neither approach is inherently superior.

The question is whether the valuation gap between them accurately reflects reality—or whether one side of the equation is becoming increasingly misunderstood.

Understanding that divergence is essential to understanding the investment opportunity.

Market Cap Per Vehicle Delivered

Year	BYD Market Cap / Vehicle	Tesla Market Cap / Vehicle
2019	$326,789	$206,803
2020	$500,820	$1,339,205
2021	$211,996	$1,132,270
2022	$48,297	$295,315
2023	$25,790	$436,805
2024	$26,919	$225,797
2025	$35,850	$207,807

CHAPTER 6

BEYOND THE AUTOMOBILE

What If BYD Is More Than A Car Company?

Throughout this report, BYD has been described as the world's largest electric vehicle manufacturer.

That statement is factually correct.

Yet it may also be incomplete.

One of the most common mistakes investors make is assuming that a company's most visible product fully defines its business model.

History suggests otherwise.

Amazon was initially viewed as an online retailer before investors understood the significance of its cloud infrastructure business.

Apple was once viewed primarily as a computer manufacturer before its ecosystem transformed the company into a global platform.

Nvidia spent years being viewed as a graphics chip company before artificial intelligence revealed a much larger opportunity.

The lesson is not that BYD will follow the same path.

The lesson is that dominant businesses often become more valuable when investors begin to understand what they actually are.

This brings us to an important question.

What exactly is BYD?

Most investors would answer:

An electric vehicle company.

The evidence suggests the answer may be broader.

Unlike many automotive manufacturers, BYD controls a significant portion of its own supply chain. Batteries, power electronics, semiconductors, electric drivetrains and energy storage technologies increasingly sit within the same corporate ecosystem.

This level of vertical integration is unusual.

Traditional manufacturers often rely on extensive supplier networks, outsourcing many of the components that ultimately determine both cost and performance.

BYD has pursued a different model.

By bringing more of the value chain in-house, the company has increased control over production, reduced dependence on external suppliers and created opportunities to capture a larger share of the economic value generated within the electrification ecosystem.

The benefits extend beyond cost savings.

It can improve resilience.

It can accelerate innovation.

It can simplify logistics.

Most importantly, it can create advantages that become increasingly difficult for competitors to replicate.

This is where scale begins to matter in a different way.

Earlier chapters demonstrated how scale helped BYD increase production and improve profitability.

The next stage of scale is ecosystem development.

The larger BYD becomes, the more effectively it can deploy its manufacturing infrastructure across multiple products and markets.

Vehicles become one output of the platform.

Batteries become another.

Energy storage systems become another.

Commercial transportation becomes another.

Each reinforces the others.

Viewed through this lens, BYD begins to resemble less of a traditional automaker and more of an industrial electrification platform.

That distinction may prove important over the coming decade.

The global transition toward electrification extends far beyond passenger vehicles. Batteries, grid infrastructure, commercial transport, energy storage and industrial electrification all represent large and growing markets.

Companies positioned at the centre of these trends may benefit from multiple overlapping growth drivers rather than a single source of demand.

This does not guarantee success.

Scale can create opportunity, but it can also create complexity.

Managing a broad industrial ecosystem requires capital, execution and continual investment.

The risks should not be ignored.

Yet neither should the opportunity.

The evidence presented throughout this report suggests that BYD's competitive advantage may not simply be its ability to manufacture vehicles.

Its advantage may be its ability to manufacture almost everything required to support electrification.

If that assessment is correct, then the market may eventually need to view BYD through a different lens.

Not as a vehicle manufacturer.

Not even as an EV leader.

But as one of the world's most important industrial platforms supporting the transition toward electrification.

Whether that transition ultimately warrants a higher valuation remains uncertain.

However, it does introduce a possibility that many investors may be overlooking.

The market may be comparing BYD to the wrong peer group.

And if that is true, the final question becomes unavoidable.

How should investors think about BYD's future from here?

China EV Market Share

Year	BYD	Tesla
2019	19%	3%
2020	15%	4%
2021	17%	7%
2022	27%	8%
2023	35%	8%
2024	34%	6%
2025	33%	5%
Average	**25.71%**	**5.86%**

Chart Commentary

China remains the world's largest EV market and BYD's dominance within its domestic market provides a powerful foundation for future expansion.

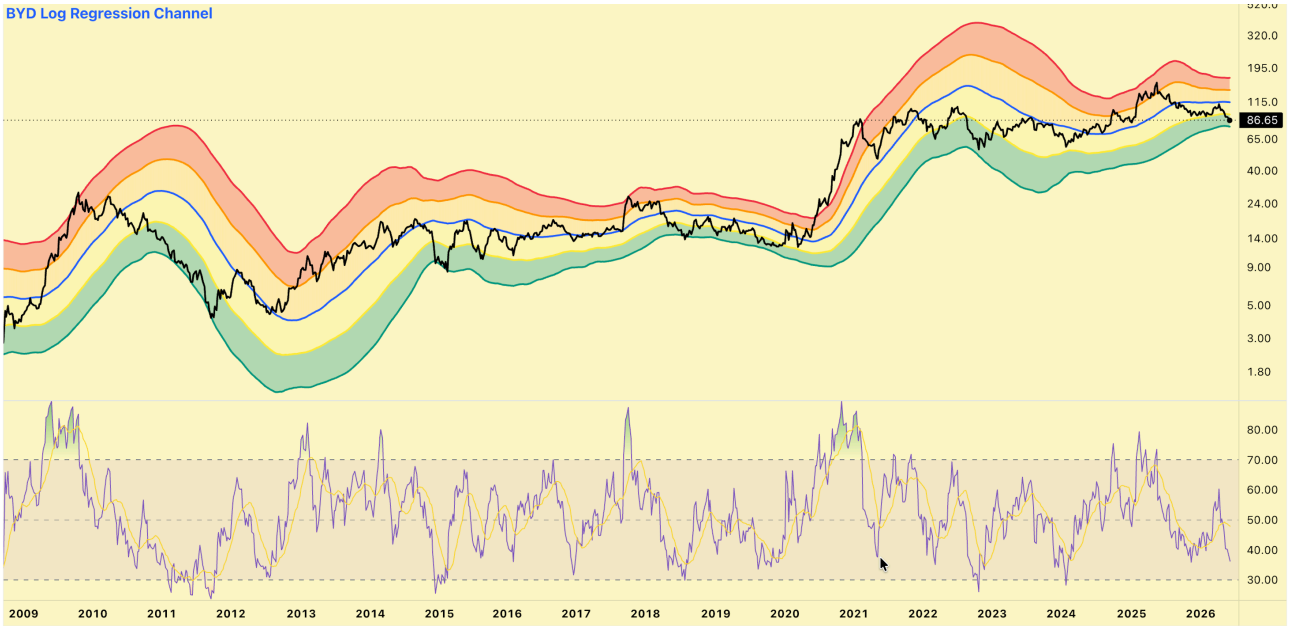
Global EV Market Share

Year	BYD	Tesla
2019	2%	16%
2020	3%	17%
2021	5%	14%
2022	10%	13%
2023	16%	12%
2024	22%	10%
2025	24%	8%
Average	**11.71%**	**12.86%**

Chart Commentary

The global market share data suggests BYD has already achieved a leadership position within the EV industry. The scale of this transition has been underestimated by many investors.

BYD Log Regression Channel



Price Commentary

Price ultimately reflects the interaction between business performance, market expectations and investor psychology. While operational results determine long-term value creation, valuation determines future returns. Understanding where price sits relative to its historical range provides important context for assessing opportunity and risk.

CHAPTER 7

THE CAPITAL CYCLE VERDICT

Scale, Expectations & The Road Ahead

Every great investment story eventually reaches a point where the narrative and the evidence begin to diverge.

The electric vehicle industry may be approaching such a moment.

For much of the last decade, Tesla dominated both the conversation and the market. It pioneered the modern EV industry, reshaped consumer perceptions of electric vehicles and established itself as one of the most influential companies of the modern era.

Those achievements should not be understated.

Without Tesla, the global EV market would likely look very different today.

Yet industries evolve.

Leadership changes.

Sources of competitive advantage shift.

And the evidence presented throughout this report suggests the EV industry may now be entering a new phase.

The first phase rewarded innovation.

The next phase may reward scale.

Measured through that lens, BYD's rise becomes easier to understand.

The company did not win through superior marketing.

It did not win through a charismatic founder.

It did not win through investor enthusiasm.

It won through manufacturing.

While much of the industry focused on the future, BYD focused on building the infrastructure required to serve it.

Vehicle by vehicle.

Factory by factory.

Battery by battery.

The result is one of the most remarkable industrial growth stories of the modern era.

BYD now leads the world in electric vehicle production.

It commands a dominant position within the world's largest EV market.

It has steadily increased global market share while many competitors have struggled to maintain momentum.

And perhaps most importantly, it has demonstrated that scale can translate into improving economics rather than deteriorating profitability.

These achievements are real.

They are measurable.

And they are already visible within the data.

Yet financial markets continue to place a significantly higher value on Tesla.

This is not necessarily irrational.

Markets are forward-looking mechanisms.

Tesla's valuation reflects a future that investors believe may still emerge. Autonomous driving, robotics, artificial intelligence and software-driven economics all contribute to a vision that extends well beyond automobiles.

BYD, by contrast, remains largely valued based on current execution.

This distinction lies at the heart of the investment debate.

Tesla is valued for possibility.

BYD is valued for reality.

Neither approach is inherently correct.

History provides examples where markets underestimated future optionality and examples where markets underestimated the power of industrial dominance.

The challenge for investors is determining which scenario is more likely from today's starting point.

The Capital Cycle framework offers a useful perspective.

As industries mature, scarcity tends to disappear.

Competition increases.

Production expands.

Returns often compress.

In these environments, scale, efficiency and operational excellence frequently become the defining competitive advantages.

The evidence suggests BYD is exceptionally well positioned for such a world.

Whether that ultimately leads to superior shareholder returns remains uncertain.

> Valuation matters.

> Expectations matter.

> Narratives matter.

> Yet so too does execution.

And few companies have executed more effectively over the past decade than BYD.

Perhaps the most important conclusion from this report is that BYD should no longer be viewed as a challenger.

That chapter has already been written.

The company has moved beyond proving it can compete.

It is now proving it can lead.

The question facing investors is no longer whether BYD can become a dominant force within the electric vehicle industry.

The evidence suggests it already has.

The real question is whether the market has fully recognised what that leadership may ultimately be worth.

That answer remains unwritten.

But the next chapter of the story is likely to be every bit as fascinating as the one that brought BYD here.

PULL QUOTE

“BYD is no longer proving it can compete.

It is proving it can lead.”

KEY TAKEAWAYS

- BYD has already won the scale battle.
- BYD now leads global EV market share.
- Manufacturing scale is translating into profitability.
- Tesla remains valued for future optionality.
- BYD remains valued primarily for current execution.
- The market may still underestimate the value of BYD's manufacturing ecosystem.
- The next phase of the EV industry may reward scale more than innovation.

FINAL THOUGHT

Tesla is priced for possibility.

BYD is priced for execution.

The next chapter of the EV industry may ultimately determine which approach proves more rewarding for investors.

What is already clear, however, is that BYD is no longer the challenger.

The company has become one of the defining industrial success stories of the electrification era.

Whether the market has fully recognised that achievement remains an open question.

ABOUT CAPITAL CYCLE INTELLIGENCE

Capital Cycle Intelligence (CCI) is an independent research platform focused on identifying long-term investment opportunities through the lens of liquidity, growth, credit and market psychology.

Rather than forecasting short-term market movements, CCI seeks to understand the forces that drive capital through economic and market cycles, helping investors identify where risk, reward and opportunity may be emerging.

Our philosophy is simple:

Know What You Own.
Know Why You Own It.

Because successful investing begins with understanding.

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CAPITAL CYCLE INTELLIGENCE

Know What You Own

Know Why You Own It

Know When You Are Wrong

Know How To Behave

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