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China Autos & Shared Mobility | Asia Pacific

Extending 800V EV Technology into AIDC

WHAT'S CHANGED

Suzhou Recodeal Interconnect System (688800.SS)	From	To
Rating	Underweight	**Overweight**
Price Target	Rmb42.14	**Rmb121.00**

The earlier migration from 400V to 800V EVs in China has cultivated a cohort of high-voltage EV component suppliers. We compare them with global peers and explore new opportunities in 800VDC AI data centers. We double-upgrade Recodeal from UW to OW on revenue upside from AI interconnects.

Maturing 800V EV supply chain in China: 800V EV sales penetration in China has risen from 5% in 2023 to 11% in 2025, cultivating an increasingly mature 800V auto supply chain that could benefit from the emerging 800V high-voltage direct current (HVDC) architecture for AI data centers (AIDC). We explore the opportunities and challenges for auto suppliers in addressing 800V AIDC.

Why few auto suppliers have won orders from 800V AIDC so far? The 800V EV supply chain spans upstream auto semis (silicon carbide, gallium nitride), downstream electronics components (inverters, on-board chargers, DC-DC converters), and auxiliaries (connectors, relays, fuses). The 800V AIDC ecosystem shows a similar structure, from silicon providers to power system components. However, auto suppliers must requalify these technologies to support data centers' 24/7 continuous duty, high power density, hot swap, and very low downtime, which takes time to achieve.

Common parts best positioned; double-upgrade Recodeal (688800.SS) to OW: We expect generic high-voltage components, such as semis and connectors, to lead migration from 800V EV to AIDC. We upgrade Recodeal to OW on an AI-driven earnings inflection from 2026, as it expands from EV connectors – where margins faced pressure – into AIDC interconnects such as active electrical cables (AEC) and power whips, where we see strong growth potential. We expect AI interconnects to contribute >40% of Recodeal's revenue in 2027. Yangjie (300373.SZ, covered by Daisy Dai), a leading Chinese power semi supplier, can also benefit from auto localization and power semi price increases.

Tier-1 parts can also benefit but require redesign, Joyson (600699.SS) on watch list: We expect auto tier-1 suppliers such as Joyson to have opportunities to supply DC-DC converters, battery management systems, and power electronics to 800V AIDC, but they must redesign auto-grade products. Similar opportunities have emerged in the US. As highlighted by our US auto analyst Andrew Percoco in his Mobility to Megawatts Primer (3 Jun 2026), several suppliers – Aptiv, Versigent, BorgWarner, Magna, and Lear – can leverage their engineering talent and manufacturing scale to address the 800V AIDC market.

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Who's in the 800V EV supply chain?

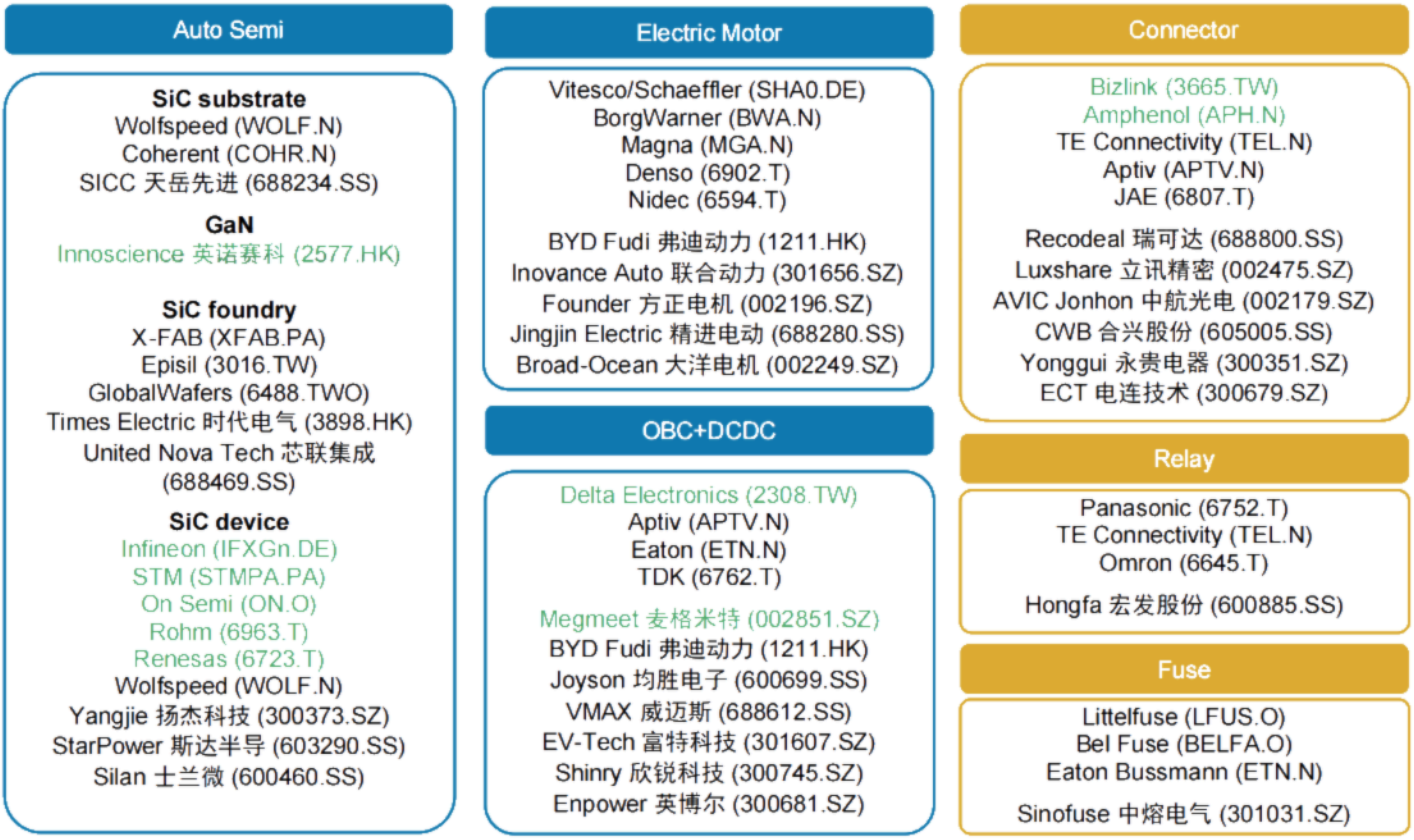
From 400V to 800V EV

800V a more efficient solution for EV: Most EVs historically adopted 400V vehicle architecture. Under Watt's Law, P (power) = U (voltage) × I (current), charging power can increase by raising voltage from 400V to 800V. An 800V architecture helps shorten EV charging time significantly to <10 minutes. It also supports OEM cost reduction as SiC costs decline over time. Compared with battery swapping and high-current fast charging, high-voltage fast charging is more efficient, as it reduces resistive heating and simplifies the wire harness.

Maturing 800V EV supply chain in China: 800V EV sales penetration in China has risen from 5% in 2023 to 11% in 2025, cultivating an increasingly mature 800V auto supply chain. This spans upstream auto semis (SiC, GaN), downstream electronics components (SiC inverters, on-board chargers, DC-DC converters), and auxiliaries (connectors, relays, fuses).

Some EV suppliers have already entered the 800V AIDC supply chain: We map the major 800V EV supply chain in the following chart, covering both global and China players. Names highlighted in green have already partnered with Nvidia's next generation 800VDC AI factories. This suggests EV suppliers can potentially supply similar products to 800V AIDC.

Exhibit 1: 800V EV supply chain - global and China



Source: Morgan Stanley Research. Names in green are partners for Nvidia's next generation 800VDC AI factories

Power semi – silicon carbide (SiC)

Electric motors (traction inverters), DC-DC converters, and on-board chargers (OBC) represent the key components that adopt SiC in 800V vehicles.

Power electronics – inverter, DC-DC converter, OBC

We believe tier-1 suppliers that assemble inverter, DC-DC converter, and OBC modules will also see opportunities from the 800V transition. For example, when an 800V EV charges at a 400V pole, a step-up DC-DC converter lifts voltage from 400V to 800V. When the 800V EV distributes power from the battery to 12/48V systems – such as cockpit and body control – a step-down DC-DC converter reduces voltage.

Connectors

As vehicle architecture shifts from 400V to 800V, certain configurations require additional components, such as step-up or step-down DC-DC converters. We therefore estimate an incremental 20-30% increase in high-voltage connector volume, raising connector value to ~Rmb2.5K per 800V EV from ~Rmb2.0K per 40

Relays and fuses

800V raises performance requirements for auxiliary components su
Industry discussion increasingly focuses on replacing traditional mel
as eFuses can detect and isolate faults faster.

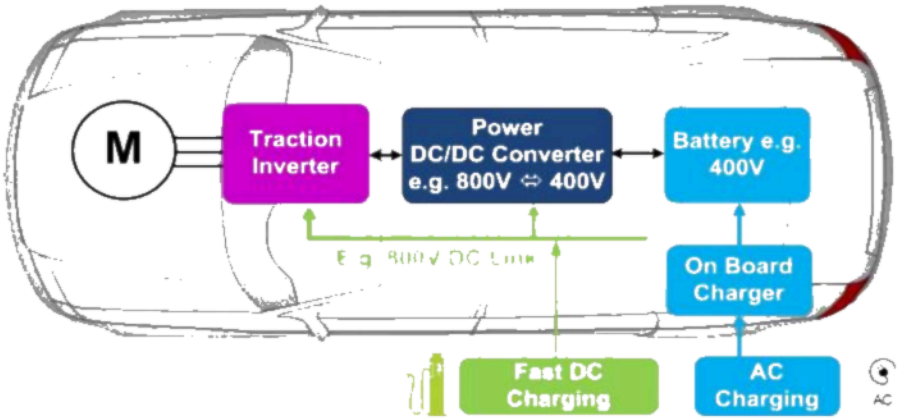
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Similarity in 800V EV and AIDC

The need for 800V: Like the EV industry's shift from 400V to 800V, AIDC migration to 800V reflects the need to deliver higher power without allowing current, cable size, heat, and conversion losses to scale disproportionately. In EVs, 800V enables faster DC charging, lighter high-voltage cabling, higher inverter efficiency, and greater power delivery to traction motors. In AIDC, the shift from 400VAC to 800VDC enables higher rack power, lower distribution current, reduced copper usage, fewer conversion stages, and improved end-to-end efficiency.

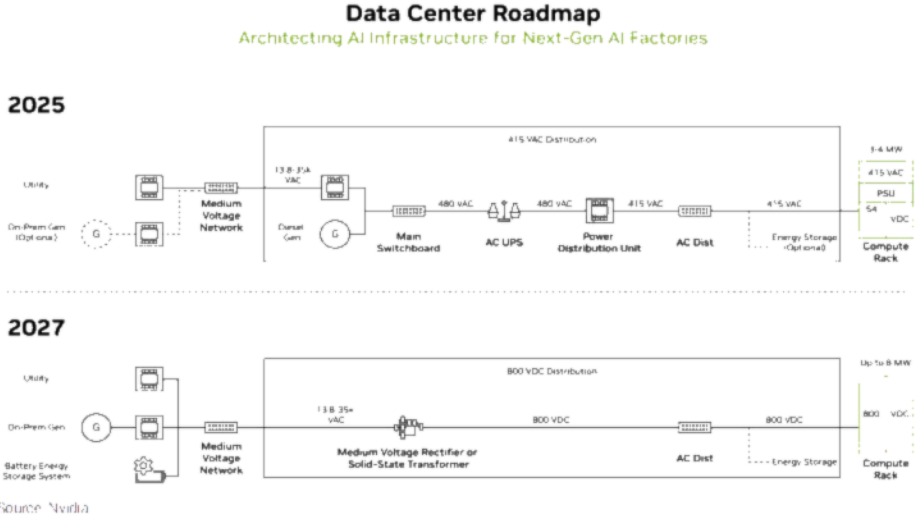
Redesigning the ecosystem: Both transitions require redesign of the surrounding ecosystem. EVs require 800V-compatible inverters, OBCs, DC-DC converters, and fast-charging interfaces, while AIDC requires 800V-ready rectifiers or solid-state transformers, busbars, protection devices, rack power shelves, energy storage interfaces, and server power supplies.

Exhibit 2: 800V EV architecture



Source: STVicroelectronics

Exhibit 3: 800V AIDC architecture



Source: Nvidia

Migrating to 800V AIDC Supply Chain

Opportunities from 800V EV to AIDC: Our US auto analyst Andrew Percoco explores migration opportunities in his *Mobility to Megawatts Primer – Energy Storage, Onsite Power, 800V Architecture, and What's in the Price (3 Jun 2026)*. 800V AIDC requires a high-voltage technology stack that overlaps with capabilities auto suppliers have developed and commercialized for 800V EV platforms, including SiC-based inverters, DC-DC converters, high-voltage distribution, connectors, busbars, battery disconnect units, and thermal management systems.

Why few auto suppliers have won orders from 800V AIDC so far? While 800V AIDC and 800V EV share a similar high-voltage ecosystem, the customer requirements and qualification process are meaningfully different. Data centers prioritize 24/7 continuous operation, high power density, redundancy, hot-swap serviceability, very low downtime, and infrastructure-level reliability. Auto suppliers need to validate performance over longer operating lifecycles, demonstrate reliability at infrastructure scale, meet data-center certification/safety requirements, and build credibility with a new customer base. These commercial and qualification hurdles take time, which likely explains why auto-supplier traction in 800V AIDC remains limited so far.

What repurposing could require: The technology overlap is clear, but auto components are not direct drop-ins. Auto-grade inverters convert battery DC into AC motor power under dynamic driving conditions, while data center power systems must deliver reliable power flow across grid, batteries, on-site generation, and compute loads. At the component level, serving data-center applications would likely require auto suppliers to adapt their designs for stationary, high-utilization power infrastructure, including tighter voltage regulation, bidirectional power flow, packaging, cooling, protection schemes, serviceability, and facility-level controls. The opportunity lies less in reusing identical components and more in applying high-voltage EV engineering expertise to stationary, mission-critical power infrastructure. Selected suppliers – Aptiv, Versigent, BorgWarner, Magna, Lear – could benefit by extending their capabilities into power conversion, distribution, connectivity, and energy management.

Recodeal (688800.SS): Recodeal supplies connectors across EV, energy storage systems (ESS), robotaxi, eVTOL, and AIDC. Its AI-related products – AEC, active copper cable (ACC), direct attach cable (DAC), and power whips – do not specifically target 800V today. However, given its experience in high-voltage connectors for 800V EVs, we see strong potential to extend this know-how into 800V AIDC over time.

Joyson (600699.SS): Joyson supplies 800V auto electronics for the Porsche Taycan, including high-voltage boosters, multifunctional DC-DC converters, and OBCs. It secured Rmb13bn in new 800V orders in April 2023 to supply DC-DC converters and OBCs to a German luxury OEM's next-generation vehicles. Together with a Rmb9bn order win in 2022, Joyson now holds a Rmb22bn 800V backlog, supporting growth beyond 2025. While technically adjacent, application to 800V AIDC will require customer verification and time.

BYD (1211.HK) Fudi: BYD vertically integrates 800V EV components, including electric drive systems, motor controllers, on-board power electronics, high-voltage distribution,

and harness-related parts. In addition to technical adjacency, BYD can bundle energy storage batteries with 800V powertrain technologies to address AIDC demand.

Keboda (603786.SS): Keboda supplies eFuses to Volkswagen, Mercedes-Benz, Li Auto, and others. eFuses detect and isolate faults – such as overcurrent or short circuits – faster than traditional melting fuses. This capability positions eFuses for potential adoption in high-voltage AIDC environments.

Exhibit 4: China auto parts with 800V exposure

China auto supplier	800V EV parts	Potential 800V AIDC parts	US peers
Recodeal (688800.SS)	800V EV connector	High-voltage power whip, active electrical cable	Aptiv (APTV.N) Amphenol (APH.N, NC)
Joyson (600699.SS)	800V on-board charger, DC-DC converter, booster	800V DC-DC converter, on-board charger, power distribution unit	Aptiv (APTV.N) BorgWarner (BWA.N)
BYD (1211.HK) Semi / Fudi	1200V SiC power module; 800V electric drive, motor controller, inverter	800V SiC inverter	BorgWarner (BWA.N) Magna (MGA.N)
Keboda (603786.SS)	eFuse (rapid-response protection) for auto PCB, not necessarily for 800V	High-voltage eFuse for rack	Versigent (VGNT.N) Lear (LEA.N)

Source: Company data, Morgan Stanley Research

Upgrade Recodeal to OW

Power whip a potential new growth driver

Margin pressure in EV connectors: Recodeal supplies high-voltage connectors to EV and ESS. We previously had concerns on margins, as EV OEM price cuts pass through to suppliers and intensify pricing pressure. Competition has also increased, with more connector makers entering, including players from consumer electronics.

Entering AIDC power whip: However, the rise of 800V AIDC architecture creates potential for Recodeal to supply high-voltage power whips into data centers. Power whips are pre-assembled cable systems that include cables, connectors, plugs, terminals, and protective conduits, delivering power from PDUs, busways, or power shelves to server racks or equipment. Currently, Bizlink (3665.TW, covered by Derrick Yang) leads as a power whip supplier to Nvidia Blackwell GPU racks and has developed connectors, cables, and busbar technologies supporting 800VDC architectures, according to company disclosures. Recodeal has already developed AIDC power whips. While not yet fully focused on 800V, we see strong potential for future 800V AIDC supply, given its expertise in 800V EV connectors.

Potential power whip revenue in 2026: In our base case, we assume no power whip revenue contribution in 2026. In our bull case, we expect mass production from 2H26, with ~Rmb0.5bn revenue contribution this year.

AEC revenue ramping up in 2026

JV for AEC since 2025: Recodeal established a JV with a China-based AIDC optical transceiver supplier in February 2025 – Suzhou Ruichuang Connection Technology – and held a 60.61% stake as of May 2026. The JV targets AEC supply and commenced mass production in 1Q26, according to management. AEC represents copper cable assemblies with embedded signal-conditioning chips (retimers or redrivers) that extend short-reach, high-speed transmission within AIDC racks, offering lower power, lower cost, and lower latency versus optical solutions at these distances. We believe the JV strengthens Recodeal's AEC business through:

1) Customer access: Combining Recodeal's expertise in high-speed connectors, cable assembly, and precision manufacturing with its partner's customer access and system know-how in global AIDCs shortens validation cycles and accelerates the transition from sampling to volume production for 400G / 800G / 1.6T AEC. It should also improve Recodeal's chances of entering overseas CSP supply chains, upgrading its role from a traditional connector supplier to a higher-value AIDC interconnect platform provider.

2) Integrated offering: The JV enables positioning AEC within a broader "copper + optical" solution, where Recodeal focuses on lower-cost, lower-power active copper for short-reach links, while its partner focuses on optical transceivers for medium- and long-reach links.

>Rmb1bn AEC revenue in 2026: Management guides AEC capacity expansion from 15k

units per month in 1Q26 to 120-150k units per month in 4Q26. Based on an estimated ASP of USD150-250, we expect AEC to contribute Rmb1.1bn revenue in 2026 and Rmb2.6bn in 2027.

EV connector business recovering

Weak 1Q26 due to de-stocking: Recodeal's revenue declined 1% YoY to Rmb752mn in 1Q26, and earnings declined 22% YoY to Rmb59mn, driven by an 8% YoY decline in China NEV production and continued inventory digestion by OEMs.

>20% YoY new energy (EV + ESS) connector revenue in 2026: We expect new energy connector revenue to grow 26% YoY to Rmb3.6bn in 2026, driven by ~30% volume growth and ~3% ASP decline. Beyond high-voltage EV connectors, Recodeal is developing high-speed connectors for smart driving and smart cockpit hardware. We estimate this can lift connector value per vehicle by ~Rmb1K, increasing total connector value from ~Rmb0.5K per ICE vehicle to ~Rmb3.5K per smart 800V EV.

Employee stock incentive plan targets 15% revenue CAGR: Recodeal announced a performance-linked incentive plan on 18 June 2026, granting 0.8mn shares to 20 core employees at Rmb96.25 per share. Based on a 2025 revenue base, targets require >15% growth in 2026, >30% in 2027, and >45% in 2028. While targets appear achievable, we believe the plan aligns management incentives with share price performance.

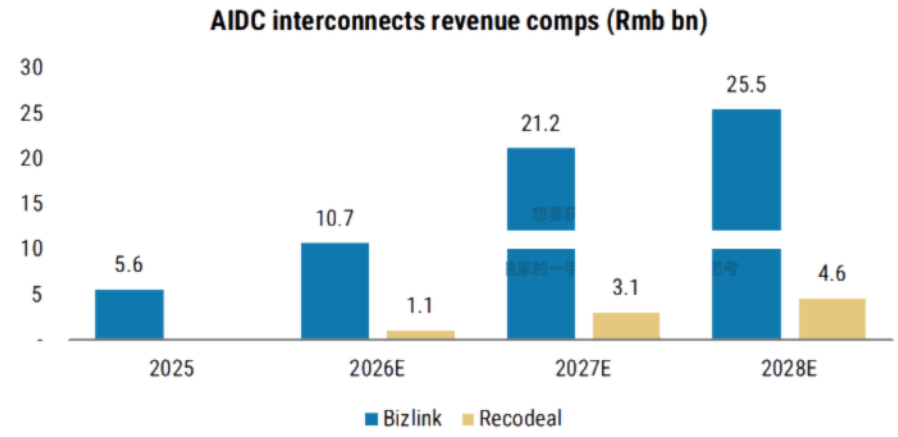
Upgrade to OW

2026-28 forecasts: We raise 2026-27 earnings estimates by 8-37% to reflect AEC and power whip contributions and introduce 2028 forecasts. We model AEC revenue at Rmb1.1bn in 2026, Rmb2.6bn in 2027, and Rmb3.6bn in 2028. We model power whip revenue from 2027 at Rmb0.5bn in 2027 and Rmb1bn in 2028. In total, we forecast AI interconnect revenue of Rmb1.1bn in 2026, Rmb3.1bn in 2027, and Rmb4.6bn in 2028. Bizlink remains the global AEC leader with dominant market share. While it should retain leadership by 2028, we expect Recodeal to capture incremental opportunities, albeit from a smaller base.

Medium-term forecasts: We raise Recodeal's medium-term growth rate from 11% to 20%, reflecting AIDC-driven expansion. Accordingly, we lift our price target to Rmb121 and upgrade Recodeal to OW.

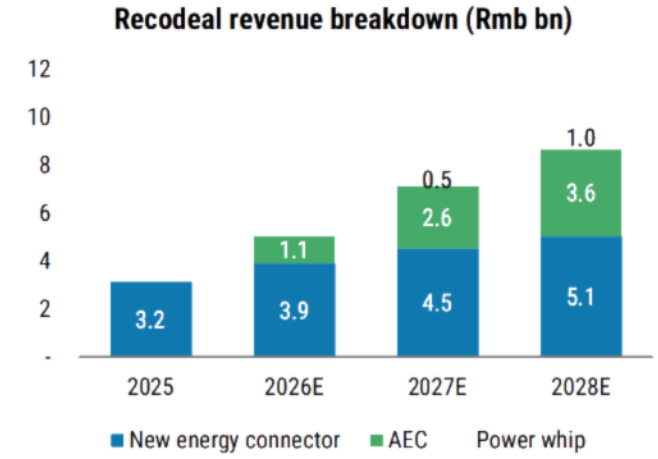
Look for further upside: Recodeal's share price has risen 62% YTD 2026 (as of 30 June), versus +3% for the Shanghai Stock Exchange Index. We see further upside as: 1) the market has not fully priced in AIDC interconnect opportunities, particularly power whips and high-voltage connectors; and 2) material revenue contributions from AIDC interconnects will emerge in 2027-28, with consensus estimates likely to revise upward over time.

Exhibit 5: Bizlink is the leading AEC supplier while Recodeal catching up



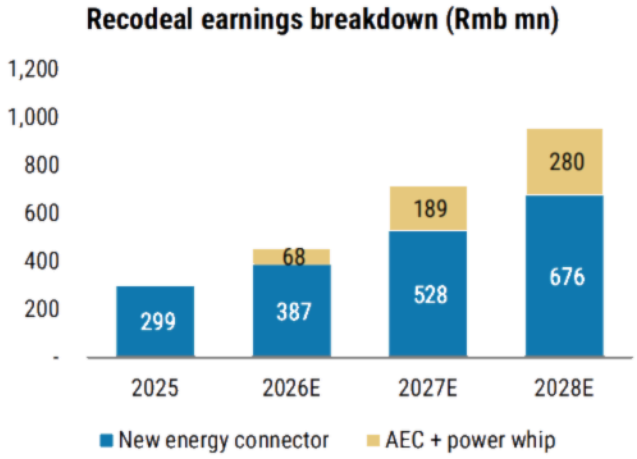
Source: Company data, Morgan Stanley Research (E) estimates

Exhibit 6: We expect AI interconnect business to contribute >40% of revenue in 2027



Source: Company data, Morgan Stanley Research (E) estimates

Exhibit 7: We expect AI interconnect business to contribute >25% of earnings in 2027



Source: Company data, Morgan Stanley Research (E) estimates

Downside risks

Dependence on new energy connectors: Recodeal still relies on EV and ESS, which accounted for 91% of revenue in 2025. The EV supply chain faces price wars, model cycle volatility, and OEM cost-down pressure. AIDC interconnect products may diversify the business over time, but they remain too small to offset a potential downturn in EV connectors.

AIDC ramp risk: Recodeal's AIDC story is credible but remains in ramp-up rather than proven at scale. Market expectations may run ahead of actual revenue conversion. AIDC products require long qualification cycles, high reliability, strong electromagnetic interference and thermal performance, and timely migration to 1.6T and above. If customer certification, yield, or cost reduction progress slower than expected, the AI/AEC narrative could de-rate. Competition is also intense: Credo's AEC patent action against Amphenol,

Molex, TE Connectivity, and Volex highlights the IP-sensitive nature of the market and strong competition from global interconnect players.

Margin pressure amid rising copper prices: Recodeal's margins remain exposed to metal price volatility, especially copper and silver. Copper represents the primary cost driver, as it is a key conductive input for connectors, cable assemblies, high-voltage components, and high-speed copper interconnect products. Rising copper prices could increase input costs before the company can fully pass through pricing to customers. Silver represents a smaller cost component by volume but remains relevant for high-performance contacts and plated components due to high unit value and volatility. Although silver prices have pulled back from their January peak, volatility itself creates procurement and inventory risk.

Financial Summary

Exhibit 8: Recodeal financial summary

Income Statement

RMB mn	2024A	2025A	2026E	2027E	2028E
Revenue	**2,415**	**3,151**	**5,049**	**7,655**	**9,674**
Cost of goods sold	(1,881)	(2,453)	(4,058)	(6,157)	(7,710)
Gross profit	**534**	**698**	**991**	**1,498**	**1,964**
Selling expenses	(44)	(50)	(80)	(121)	(153)
Admin expenses	(117)	(125)	(137)	(151)	(166)
R&D expenses	(147)	(151)	(166)	(182)	(201)
Operating profit	**216**	**354**	**578**	**998**	**1,387**
Finance expenses	(6)	(28)	(20)	(18)	(13)
Other gain (loss)	(11)	11	(0)	0	0
Profit before tax	**200**	**338**	**558**	**980**	**1,374**
Tax expenses	(22)	(36)	(59)	(103)	(145)
Profit after tax	**178**	**302**	**499**	**876**	**1,229**
Minority interests	(3)	(3)	(44)	(159)	(273)
Net profit	**175**	**299**	**455**	**717**	**956**
Dividends	55	61	93	147	196
# shares outstanding	288	287	287	287	287
EPS (in RMB)	**0.61**	**1.04**	**1.59**	**2.50**	**3.33**

Financial Analysis

RMB mn	2024A	2025A	2026E	2027E	2028E
Growth (%)					
Revenue	55%	30%	60%	52%	26%
Gross profit	37%	31%	42%	51%	31%
Operating profit	53%	64%	63%	73%	39%
Net profit	28%	71%	52%	58%	33%
Margins					
Gross margin	22.1%	22.1%	19.6%	19.6%	20.3%
Operating margin	9.0%	11.2%	11.5%	13.0%	14.3%
Net margin	7.3%	9.5%	9.0%	9.4%	9.9%
Return					
ROA	4.1%	5.1%	6.3%	8.0%	8.8%
ROE	8.4%	12.1%	16.0%	21.0%	22.9%
Gearing					
Total liabilities/equity	104.5%	137.1%	149.6%	157.1%	148.2%
Net gearing (cash)	-19.1%	-47.8%	-46.9%	-50.7%	-57.8%
Efficiency					
Asset turnover (x)	0.6	0.5	0.7	0.8	0.9
Inventory days	118	87	83	78	74
Receivables days	135	105	105	105	105
Payable days	189	159	159	159	159

Balance Sheet

RMB mn	2024A	2025A	2026E	2027E	2028E
Fixed assets	751	1,185	1,271	1,322	1,366
Construction in process	298	75	75	75	75
Intangible assets	114	133	152	167	181
Goodwill	-	-	-	-	-
Other non-current assets	103	177	177	177	177
Non-current assets	**1,307**	**1,612**	**1,716**	**1,783**	**1,841**
Cash and cash equivalent	1,015	2,040	2,209	2,688	3,543
Note receivables	123	170	272	412	521
Account receivables	896	905	1,450	2,198	2,778
Prepayment	44	19	19	19	19
Inventory	607	584	917	1,322	1,573
Other current assets	329	584	584	584	584
Current assets	**3,014**	**4,301**	**5,451**	**7,223**	**9,018**
Total assets	**4,321**	**5,913**	**7,167**	**9,006**	**10,860**
Short-term borrowing	466	425	425	425	425
Note payables	294	229	378	574	719
Account payables	973	1,068	1,767	2,681	3,357
Other current liabilities	142	218	218	218	218
Current liabilities	**1,929**	**2,000**	**2,848**	**3,958**	**4,779**
Long-term borrowing	141	413	413	413	413
Long-term bonds	-	-	-	-	-
Other non-current liabilities	117	966	966	966	966
Non-current liabilities	**261**	**1,398**	**1,398**	**1,398**	**1,398**
Total liabilities	**2,190**	**3,398**	**4,246**	**5,356**	**6,177**
Paid-in capital	158	206	206	206	206
Capital reserves	1,147	1,110	1,110	1,110	1,110
Retained earnings	768	997	1,358	1,928	2,687
Minority interest	36	38	82	242	514
Equity attributed to shareholders	**2,095**	**2,478**	**2,839**	**3,409**	**4,168**
Total equity	**2,132**	**2,515**	**2,921**	**3,650**	**4,683**
Total liabilities and equity	**4,321**	**5,913**	**7,167**	**9,006**	**10,860**

Cash Flow Statement

RMB mn	2024A	2025A	2026E	2027E	2028E
Operating cash flows	57	198	558	894	1,315
Investing cash flows	(274)	(375)	(275)	(250)	(250)
Financing cash flows	266	1,211	(114)	(166)	(210)
Net changes in cash flow	49	1,030	169	479	856
Cash & cash equival at YB	916	964	1,994	2,163	2,642
Cash & cash equival at YE	964	1,994	2,163	2,642	3,497

Source: Company data, Morgan Stanley Research (E) estimates

Valuation Methodology

We raise Recodeal's 2026-27 earnings estimates by 8-37% to reflect AEC and power whip revenue potential and introduce 2028 estimates. We expect AEC revenue to commence in 2026, reaching Rmb1.1bn in 2026, Rmb2.6bn in 2027, and Rmb3.6bn in 2028. We expect power whip revenue to start in 2027, at Rmb0.5bn in 2027 and Rmb1bn in 2028. In total, we forecast AI interconnect revenue of Rmb1.1bn in 2026, Rmb3.1bn in 2027, and Rmb4.6bn in 2028.

We also raise Recodeal's medium-term growth rate from 11% to 20%, as we expect AIDC applications to drive meaningful revenue expansion. Our free cash flow forecasts mainly reflect higher revenue assumptions, while we keep capex assumptions largely unchanged. Accordingly, we lift our price target to Rmb121.

We derive our price target from the base-case scenario value in our DCF model. Other key assumptions (all unchanged) include:

- 14.5% cost of equity – derived from a beta of 1.6, an equity risk premium of 7.0% and a risk-free rate of 3.3%.
- 12% WACC – derived from a 14.5% cost of equity and a post-tax cost of debt of 6.0%.
- 3% terminal growth rate.

Exhibit 9: Estimate revisions

Recodeal (688800.SS)	OLD		NEW			CHANGE	
Rmb mn	**2026E**	**2027E**	**2026E**	**2027E**	**2028E**	**2026E**	**2027E**
Revenue	4,070	5,090	5,049	7,655	9,674	24.0%	50.4%
Gross profit	884	1,057	991	1,498	1,964	12.2%	41.7%
Operating profit	465	581	578	998	1,387	24.5%	71.9%
Net profit	420	523	455	717	956	8.3%	36.9%
EPS (Rmb)	1.47	1.83	1.59	2.50	3.33	8.3%	36.9%
Gross margin	21.7%	20.8%	19.6%	19.6%	20.3%	-2.1%	-1.2%
Operating margin	11.4%	11.4%	11.5%	13.0%	14.3%	0.0%	1.6%
Net margin	10.3%	10.3%	9.0%	9.4%	9.9%	-1.3%	-0.9%

Source: Morgan Stanley Research ;E estimates

Exhibit 10: Recodeal's DCF valuation

Recodeal (Rmb mn)	2024A	2025A	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Turnover	2,415	3,151	5,049	7,655	9,674	11,803	13,786	15,440	16,829	18,007	18,908	19,475
YoY			*60%*	*52%*	*26%*	*22%*	*17%*	*12%*	*9%*	*7%*	*5%*	*3%*
Pre-tax profit (EBIT)	216	354	578	998	1,387	1,693	1,977	2,214	2,414	2,583	2,712	2,793
EBIT margin	9.0%	11.2%	11.5%	13.0%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%
YoY			*63%*	*73%*	*39%*	*22%*	*17%*	*12%*	*9%*	*7%*	*5%*	*3%*
+ Depreciation & Amortization	88	110	171	183	191	188	182	182	182	182	182	182
EBITDA	304	464	749	1,182	1,579	1,881	2,159	2,397	2,596	2,765	2,894	2,975
- Less adjusted taxes	(22)	(36)	(59)	(103)	(145)	(177)	(207)	(232)	(252)	(270)	(284)	(292)
- Capital expenditure	(291)	(288)	(275)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)
- Changes in working capital	(257)	(280)	(132)	(184)	(118)	(144)	(169)	(189)	(206)	(220)	(231)	(238)
- Other adj	32	50	-	-	0	0	0	0	0	0	0	0
Free cash flow	**(234)**	**(90)**	**283**	**644**	**1,065**	**1,310**	**1,534**	**1,726**	**1,888**	**2,024**	**2,129**	**2,195**
Discount factor			1.00	1.12	1.25	1.40	1.57	1.76	1.97	2.21	2.47	2.76
PV			283	576	850	930	976	981	958	918	862	794
Terminal value												25,231

Price target	
Enterprise value	33,363
Minorities	(44)
Net (debt)/cash	1,371
Equity value	**34,689**
# shares	287
Equity value per share (Rmb)	**121.0**

Cost of equity		Cost of debt	
Risk free rate	3%	Spread over risk-free rate	4%
Beta	1.6	Pre-tax cost of debt	7%
China equity risk premium	7%	Corporate tax rate for company	15%
Unleveraged discount rate	15%	Post-tax cost of debt	6%
Target gearing (net debt/EV)	30%		
WACC			**12%**

Source: Company data, Morgan Stanley Research (E) Estimates

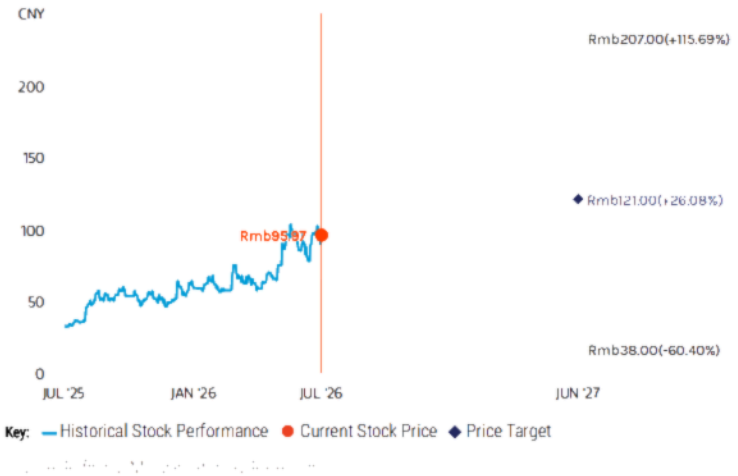
Risk Reward – Suzhou Recodeal Interconnect System (688800.SS)

From EV to AI interconnects

PRICE TARGET Rmb121.00

Base case, derived from DCF valuation. We aim to capture Recodeal's growth potential in the long run, given the company's exposure to 800V charging and energy storage. Our key assumptions include a 12% WACC (14.5% cost of equity and 6% cost of debt) and a 3% terminal growth rate.

RISK REWARD CHART



OVERWEIGHT THESIS

- Recodeal supplies high-voltage connectors to EV and ESS, and has expanded its product offerings to active electrical cables (AEC) and power whips for AI data centers via its JV Ruichuang.
- Recodeal has also expanded to high-speed high-frequency connectors for smart vehicles and robotaxis.
- While Recodeal's valuation has re-rated amid growing expectations regarding its AI-related business, >50% earnings CAGR in 2026-28 should support its valuation premium over other auto parts.

Risk Reward Themes

Disruption:	*Positive*
Electric Vehicles:	*Positive*
Pricing Power:	*Negative*

here

BULL CASE Rmb207.00

70x bull case 2027E EPS

1) Revenue growth from new energy business grows at >30% CAGR in 2026-28, powered by faster-than-expected adoption of 800V charging and battery swap; 2) Power whip revenue kicks in from 2027; 3) Gross margin recovers in 2026, with scale benefits offsetting intensifying competition; 4) New project wins in humanoid robot, robotaxi, and eVTOL propel growth beyond 2026.

BASE CASE Rmb121.00

48x base case 2027E EPS

1) Revenue from new energy business grows at >15% CAGR in 2026-28 supported by market share gain in EV connectors; 2) AEC revenue kicks in from 2026, and power whip revenue from 2027; 3) Gross margin declines in 2026, amid intensifying competition and higher costs from ramping up its Mexican production.

BEAR CASE Rmb38.00

10x bear case 2027E EPS

1) Revenue growth from new energy business slows, growing at <10% CAGR in 2026-28, as value content per vehicle deteriorates faster than expected amid intensifying competition; 2) AEC revenue delays to beyond 2026, if the customer qualification process takes longer than expected; 3) Gross margin declines more than expected in 2026, with diminishing pricing power as more players enter the industry.

Risk Reward – Suzhou Recodeal Interconnect System (688800.SS)

KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
NEV revenue growth (%)	31	26	16	12
Telecom revenue growth (%)	18	7	7	7
NEV gross margin (%)	22.0	21.0	21.0	21.0
Operating expense ratio (%)	10.9	8.2	6.5	6.0

INVESTMENT DRIVERS

- Order pipeline of 800V charging and energy storage connectors
- New project progress in AIDC interconnects such as AEC and power whip
- GPM trend, which hinges on product mix, raw material prices, and scale

GLOBAL REVENUE EXPOSURE



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RISKS TO PT/RATING

RISKS TO UPSIDE

- New project wins from NIO, Tesla, battery swap heavy-duty trucks, and other 800V EVs
- Higher value content per vehicle and wallet share gain in NIO and Tesla
- New project wins in humanoid robot, robotaxis, and eVTOL

RISKS TO DOWNSIDE

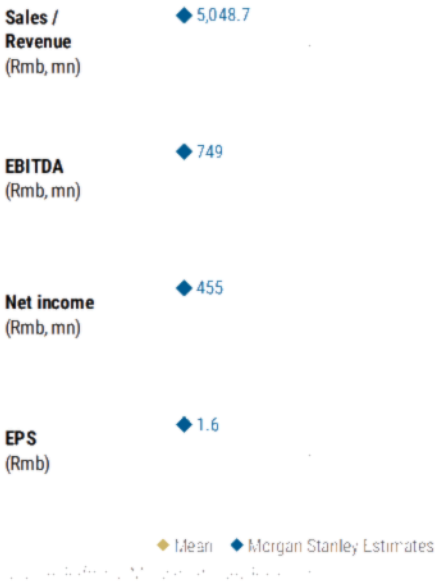
- Weaker-than-expected NIO deliveries
- Low utilization at its Mexican plants
- Rising copper prices

OWNERSHIP POSITIONING

Inst. Owners, % Active 90.9%

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e



Risk Reward Reference links

1. View explanation of Options Probabilities methodology - Options_Probabilities_Exhibit_Link.pdf
2. View descriptions of Risk Rewards Themes - RR_Themes_Exhibit_Link.pdf
3. View explanation of regional hierarchies - GEG_Exhibit_Link.pdf
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