[GS Sales Note]: By Jacqueline Du: an update on Shenzhen Inovance's July Industrial Automation growth (30+% YoY). "Advanced manufacturing customers didn't show any signs of slowing down"

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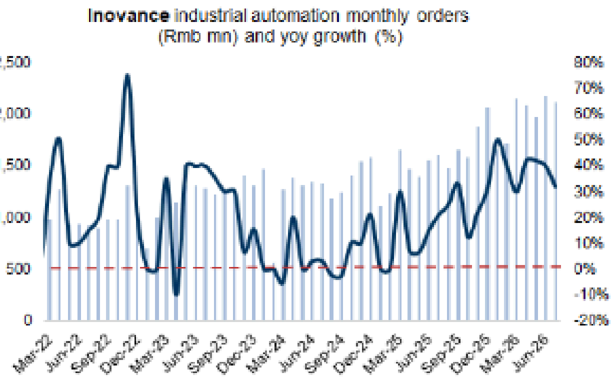
Besides the solid company fundamentals, another reason I like Shenzhen Inovance (Conviction Buy, TP = 92.9 RMB)is because it releases regular and frequent data for its most important segment: Industrial Automation (IA). As my previous sales notes below showed, I followed them quite closely. **Personally, after the recent near 25% correction due to mostly general mkt correction, I think it is a good time to pick up some Inovance right now.**

On Aug 3th, Monday, Jac Du's team published another such data update (Full report)

Inovance disclosed IA segment order growth at c.30%+ yoy in July, or slightly moderating vs. 1H26 of +40% yoy, as process industries (oil & gas, mining etc), textile industry, and plastic injection and molding industry trended relatively weaker than June, turning negative yoy-wise in July. However, **the company noted that advanced manufacturing (lithium batteries, semiconductors, smartphones, and auto equipment), still delivered fast growth and did not show any signs of slowing down**. We believe Inovance's share gain trend remains intact, with the July order implying a sequentially flat mom versus June, largely consistent with historical seasonality. We reiterate Buy (on APAC CL), with an unchanged 12-month TP of Rmb92.9.

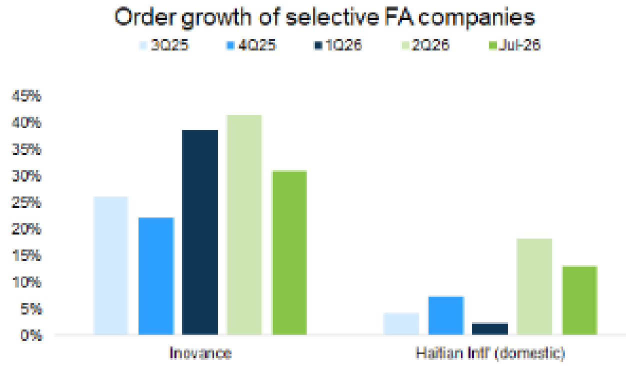
Exhibit 1: Inovance industrial automation segment order growth sustained at 30%+ yoy as of July 2026



GS interpreted monthly industrial automation segment orders, based on company's yoy/mom comments and historical financial data

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 2: Inovance noted plastic injection and molding industry as one of the weaker spots in July



GS interpreted monthly industrial automation segment orders, based on company's yoy/mom comments and historical financial data.

Source: Company data, Data compiled by Goldman Sachs Global Investment Research

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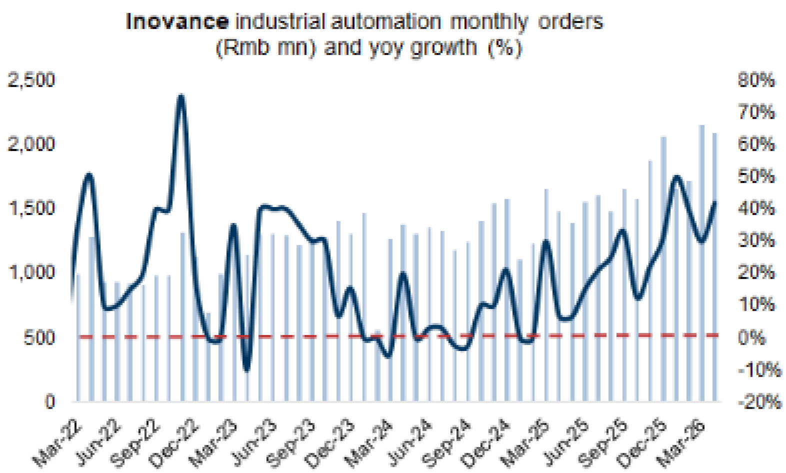
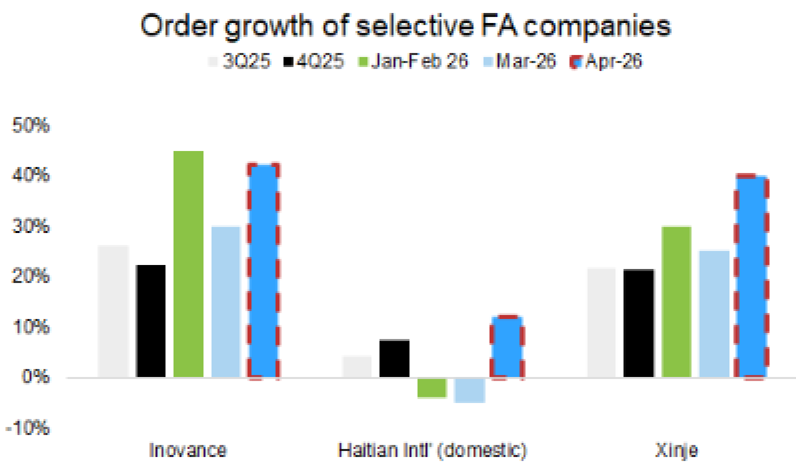
From: Sun, Philip [GBM Public]
Sent: Thursday, May 7, 2026 9:26 AM
To: Sun, Philip [GBM Public] <Philip.Sun@hk.email.gs.com>
Subject: [GS Sales Note]: By Jacqueline Du: an update on Inovance's April Industrial Automation growth (40+% YoY), fastest among peers. Investment thesis for Inovance

Following Jacqueline Du's pounding the table at morning call on April 29th, Jacqueline published another note yesterday to update us on Inovance's Industrial Automation segment: It grew over 40% YoY in April 2026. (Full report published yesterday)

Inovance disclosed industrial automation (IA) segment orders of over 40% yoy in April 2026 (vs. c.30%/40-50% yoy in March/Jan-Feb 2026). **Demand continues to be led by advanced manufacturing sectors** (lithium batteries, semiconductors, smartphones, and auto equipment) which outperformed traditional manufacturing, **though management has notably commented that the latter has begun to show signs of recovery.** Despite possible temporary channel inventory build (distributors placing orders ahead of price hike), management emphasized that the underlying real demand growth trend remains robust.
We view the April order momentum as incremental confirmation of a material order inflection already observed in Jan-Mar, supporting our thesis that Inovance is better positioned than peers to capture both the automation demand recovery and domestic substitution potential. **Paired with the company's planned >30% capacity expansion in May** following strong 1Q26 order intake (~40% yoy), we reiterate our expectation for a **significant step-up in revenue from 2Q26E** driven by both backlog conversion and new order deliveries.

The order growth of Inovance continues to outpace peers. [see exhibit below]:





A reminder of the investment thesis for Inovance:

1) although its two key products, i.e., inverter/servo already reached 25%/33% or No.1/No.1 in China as of 2025, the company still has opportunities in overseas markets;
2) we expect the company to gain market share in small/large PLC, which will serve as a building block for it to extend into digitalization and transform into an IoT solution provider;
3) EV components continue to ramp up share on top of fast industry growth; and 4) digitalization business development with the potential to exceed our expectations.

We view Inovance's major competitive moats that will underpin its resilience through cycles as:
1) industry leading R&D effectiveness with high success rates for new product lines;
2) a comprehensive product portfolio and end-market coverage that reinforce customers' switching costs.

From: Sun, Philip [GBM Public]
Sent: Wednesday, April 29, 2026 9:18 AM
Subject: [GS Sales Note]: Jacqueline Du pounding the table on Inovance Tech (300124) after Chairman call yesterday: only on 24x PE (the last time it was at 24x was before Sept 2024 Politburo's stimulus announcement)

Shenzhen-listed Inovance (300124 CH) is a stock that I have been watching for years. It was founded by a few engineers who came out from Huawei-Emerson. They produce products such as inverters 变频器 , servos （伺服） PLC(可编程逻辑器服）.
In the morning call today, our long-term analyst for this stock Jacqueline Du said herself: **"I am pounding the table for this stock now since it is at 24x PE only. You guys know me. I rarely do that".** The last time the stock traded below 24x was Sept 2024, before Politburo came out with the powerful stimulus announcement which triggered a whole re-rating of china equity mkt.

Jacqueline DU's conviction partially came from Chairman's hosting of the call to the entire street yesterday after mkt closed. The most important msg at the call was that: **Inovance was able to pass the pricing increases relatively easily to the industrial automation customers who have been doing well**.

Inovance stock has been sliding because investors have been worrying about its EV biz. However, investors haven't been paying enough attention to the more important biz: Industrial automation. In terms of profit sources: EV is 20%, Industrial Automation is 70% and Elevators 10%. In terms of revenues: EV is 48%, Industrials, 40%, Elevator 10%

This stock should have a meaningful re-rating. The company has been expanding its capacity quite aggressively to service its industrial automation customers. Jacqueline expects the automation revenues to pick up from 2Q2026 given the capacity expansion in May by 30%.

From: Jacqueline Du <jacqueline.du@alerts.publishing.gs.com>
Sent: Tuesday, April 28, 2026 10:57 PM
To: Sun, Philip [GBM Public] <Philip.Sun@hk.email.gs.com>
Subject: Shenzhen Inovance Technology Co. (300124.SZ): 4Q25/1Q26 core operation in line excl. non-op items; positive on sequential improvement ahead; Buy on attractive valuation

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Shenzhen Inovance Technology Co. (300124.SZ): 4Q25/1Q26 core operation in line excl. non-op items; positive on sequential improvement ahead; Buy on attractive valuation

28 April 2026 | 10:53PM HKT | Research | Equity

Post market close on April 27, **Inovance announced 4Q25 &1Q26 results, which we view as broadly in line for core operations with the discrepancy vs. GSe primarily from non-operational items.** 4Q25 revenue/gross profit/operating profit/net profit recorded Rmb13,442mn/3,793mn/1,108mn/796mn, +15%/+38%/+40%/-15% yoy, -4%/+9%/+9%/-16% vs GSe mainly on asset impairment loss. 1Q26 revenue/gross profit/operating profit/net profit recorded Rmb10,143mn/2,949mn/1,016mn/1,013mn, +13%/+6%/-13%/-23% yoy, +1%/-2%/-18%/-23% vs GSe on yoy decrease in investment income (FX loss) and asset impairment loss. Although 1Q26 IA order has been strong, revenue has lagged with capacity constraint, **we are positive on Industrial automation revenue pick up from 2Q26E given the capacity expansion in May by 30% to ensure product delivery post strong order intake in 1Q26 (~40% yoy)** and **continued strong order intake in April, per management disclosure**. Elevator control components and EV components both delivered revenue stronger than industry performance in 1Q26. Although price trend for EV component segment still needs further monitoring, **we believe the price pass-through for Industrial Automation business should be much smoother. With the company already seeing margin recovery in March-April, we expect a GPM recovery in 2Q26E (at 29.8% vs 29.1% in 1Q26).** The company is also investing in new growth drivers, such as **humanoid robots, AI-enabled industrial software, SST, PSU, and energy storage, which are small now but all serve as additional optionality for Inovance, in our view.** We fine tune our 2026-30E EPS by -2% to 1% (factoring 1Q26 non-ops); our new 12m TP is Rmb86.0 (vs. Rmb75.4 previously), implying 40% upside, based on a 35x 2027E P/E (rolled over from 2026E previously). We see attractive valuation following a share price decline of 33% from previous peak, and the stock is now trading at 29X/25X 2026E/2027E P/E.

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