Desay SV (A)

1H26 call takeaways: memory costs passthrough; overseas the growth driver

Reiterate Rating: BUY | PO: 118.00 CNY | Price: 84.69 CNY

1H26 AD business weak; 2026 new project highlights

Desay hosted a conference call on 20 August. Desay's 1H26 AD revenue declined 6% YoY while its GPM declined 5.3ppt YoY to 14.5% - management attributed this to (1) some memory cost passthrough contracts were signed in July/August; (2) sensors still in a ramp-up stage with low margin; (3) contract manufacturing of AD DCU featuring low margin. On new product launches, Desay highlighted its (1) fifth-generation smart AI cockpit platform, built on Qualcomm's 8797 chip, reached mass production with Li Auto; (2) smart cockpit-driving integration DCU based on Qualcomm's 8775 chip, entered mass production with Chery; (3) Desay's self-developed highway NOA algorithm was launched; (4) L3/L4 DCU for PV and robovan to be mass produced in 2H26.

Spotlights in robotic DCU, robovan and overseas

Desay mentioned its robotics DCUs are supplied to majority of humanoid robot OEMs in China. Meanwhile, Desay's robovan fleet size reached 200 units as of Aug 2026 and is expected to reach 2000 units by end-2026. Moving on to overseas, management expects overseas business to generate RMB20bn+ revenue in 2030, implying a CAGR of c.50% in 2025-30E. Overseas projects on hand reached nearly RMB20bn by mid-2026, accounting for 27% of Desay's projects on hand. Major mass-production programs are expected to begin from 2028. In terms of product mix, overseas orders are mainly driven by displays, sensors and intelligent cockpit-driving integration products. Regionally, Europe offers the biggest opportunities, while Southeast Asia is expected to be a fast-growing market.

3Q26 at a sweet spot; lift net income estimate; Buy

Looking at 3Q26, management sees strong AD DCU production in July and August, and have signed contracts for memory cost recovery with auto OEMs. Factoring in the 2Q26 results and latest guidance, we lift 2026/27/28E net income by 5%/7%/10%. Our new PO is RMB118 (was RMB122), based on a target PER of 23x (was 25x, the latest 1SD below historical average) on 2H26-1H27E EPS. We reiterate Buy rating on Desay SV, given (1) domain controller remain the key growth engines, driven by broader adoption of cost-efficient AD solutions, AI cockpit DCUs, new businesses and overseas expansion.

Estimates (Dec) (CNY)	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
Net Income (Adjusted - mn)	2,005	2,454	2,839	3,297	3,800
EPS	3.61	4.11	4.76	5.52	6.37
EPS Change (YoY)	29.6%	13.8%	15.7%	16.1%	15.2%
Consensus EPS (Visible Alpha)			4.83	5.72	6.46
Dividend / Share	1.20	1.25	1.43	1.66	1.91
Free Cash Flow / Share	0.028	1.81	4.53	2.85	7.18
Valuation (Dec)					
P/E	23.44x	20.60x	17.80x	15.33x	13.30x
Dividend Yield	1.42%	1.48%	1.69%	1.96%	2.26%
EV / EBITDA*	16.22x	14.91x	12.22x	10.39x	9.02x
Free Cash Flow Yield*	0.031%	2.14%	5.35%	3.37%	8.47%

* For full definitions of *iQmethod*SM measures, see page 7.

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Refer to important disclosures on page 8 to 10. Analyst Certification on page 5. Price Objective Basis/Risk on page 5. 13010549

21 August 2026

Equity

Key Changes

(CNY)	**Previous**	**Current**
Price Obj.	122	118
2026E Rev (m)	34,099	34,148
2027E Rev (m)	37,488	37,033
2028E Rev (m)	41,254	40,335
2026E EPS	4.55	4.76
2027E EPS	5.17	5.52
2028E EPS	5.81	6.37
2026E EBITDA (m)	3,827	4,008
2027E EBITDA (m)	4,538	4,717
2028E EBITDA (m)	5,135	5,431
2026E DPS	1.37	1.43

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Stock Data

Price	84.69 CNY
Price Objective	118.00 CNY
Date Established	21-Aug-2026
Investment Opinion	C-1-7
52-Week Range	76.93 CNY-154.17 CNY
Mrkt Val / Shares Out (mn)	7,502 USD / 596.8
Market Value (mn)	50,547 CNY
Average Daily Value (mn)	115.11 USD
Free Float	45.1%
BofA Ticker / Exchange	XGDFF / SHZ
Bloomberg / Reuters	002920 CH / 002920.SZ
ROE (2026E)	17.2%
Net Dbt to Eqty (Dec-2025A)	-1.1%

GPM: gross profit margin
DCU: domain control unit
AD: autonomous driving
PV: passenger vehicle
AI: artificial intelligence

iQprofile [SM] Desay SV (A)

Key Income Statement Data (Dec)	2024A	2025A	2026E	2027E	2028E
(CNY Millions)					
Sales	27,618	32,557	34,148	37,033	40,335
Gross Profit	5,490	6,208	6,594	7,356	8,058
Sell General & Admin Expense	(771)	(938)	(933)	(1,008)	(995)
Operating Profit	2,375	2,531	3,070	3,597	4,128
Net Interest & Other Income	(274)	(51)	(59)	(124)	(124)
Associates	(1)	91	17	0	0
Pretax Income	2,100	2,570	3,028	3,473	4,004
Tax (expense) / Benefit	(82)	(97)	(202)	(192)	(222)
Net Income (Adjusted)	2,005	2,454	2,839	3,297	3,800
Average Fully Diluted Shares Outstanding	555	597	597	597	597
Key Cash Flow Statement Data					
Net Income	2,005	2,454	2,839	3,297	3,800
Depreciation & Amortization	645	754	939	1,120	1,304
Change in Working Capital	(1,845)	(984)	755	(1,098)	796
Deferred Taxation Charge	0	0	0	0	0
Other Adjustments, Net	688	660	(31)	(15)	(17)
Cash Flow from Operations	1,494	2,884	4,503	3,303	5,883
Capital Expenditure	(1,478)	(1,803)	(1,800)	(1,600)	(1,600)
(Acquisition) / Disposal of Investments	3	(3,779)	0	0	0
Other Cash Inflow / (Outflow)	3	9	0	0	0
Cash Flow from Investing	(1,472)	(5,573)	(1,800)	(1,600)	(1,600)
Shares Issue / (Repurchase)	0	4,398	0	0	0
Cost of Dividends Paid	(499)	(693)	(746)	(852)	(989)
Cash Flow from Financing	(427)	3,374	(746)	(852)	(989)
Free Cash Flow	16	1,081	2,703	1,703	4,283
Net Debt	362	(173)	(2,130)	(2,982)	(6,275)
Change in Net Debt	513	(557)	(1,957)	(852)	(3,293)
Key Balance Sheet Data					
Property, Plant & Equipment	3,006	3,941	5,092	5,892	6,540
Other Non-Current Assets	2,043	2,472	2,198	1,879	1,527
Trade Receivables	11,350	12,424	11,901	13,464	13,057
Cash & Equivalents	775	1,448	3,405	4,256	7,550
Other Current Assets	4,309	9,561	9,041	10,259	9,896
Total Assets	21,483	29,845	31,637	35,751	38,570
Long-Term Debt	219	255	255	255	255
Other Non-Current Liabilities	646	444	444	444	444
Short-Term Debt	918	1,020	1,020	1,020	1,020
Other Current Liabilities	9,935	12,564	12,277	13,960	13,987
Total Liabilities	11,718	14,283	13,995	15,679	15,705
Total Equity	9,766	15,563	17,642	20,072	22,865
Total Equity & Liabilities	21,483	29,845	31,637	35,751	38,570
iQ*method [SM] - Bus Performance					
Return On Capital Employed	20.3%	15.8%	15.1%	15.7%	16.0%
Return On Equity	22.8%	19.6%	17.2%	17.6%	17.8%
Operating Margin	8.6%	7.8%	9.0%	9.7%	10.2%
EBITDA Margin	10.9%	10.1%	11.7%	12.7%	13.5%
iQ*method [SM] - Quality of Earnings					
Cash Realization Ratio	0.7x	1.2x	1.6x	1.0x	1.5x
Asset Replacement Ratio	2.3x	2.4x	1.9x	1.4x	1.2x
Tax Rate (Reported)	3.9%	3.8%	6.7%	5.5%	5.5%
Net Debt-to-Equity Ratio	3.7%	-1.1%	-12.1%	-14.9%	-27.4%
Interest Cover	15.1x	NM	NM	NM	NM

Key Metrics

* For full definitions of *iQmethod* [SM] measures, see page 7.

Company Sector

Auto Parts

Company Description

Huizhou Desay SV Automotive was founded in 1986 and engages in manufacturing, and distribution of automotive electronic products. Its main products include vehicle cockpit, autonomous driving and vehicle connectivity, which contributed 63%/30%/7% of the company's total sales in 2025. Desay SV also developed products in autonomous driving and auto connectivity. Desay SV was listed on the Shenzhen Stock Exchange in 2017.

Investment Rationale

We have Buy rating on Desay SV, given (1) domain controller remain the key growth engines, driven by broader adoption of cost-efficient AD solutions , AI cockpit DCUs, (2) new businesses (humanoid robot domain controllers, unmanned logistics vehicle) and overseas expansion provide upside

Stock Data

Price to Book Value	2.9x

Exhibit 2: New vs old estimates

We lift 2026/27/28E net income by 5%/7%/10%

	2026F			2027F			2028F		
RMB mn	Old	New	diff. (%)	Old	New	diff. (%)	Old	New	diff. (%)
Net sales (consolidated basis)	34,099	34,148	0.1%	37,488	37,033	-1.2%	41,254	40,335	-2.2%
Gross Profit	6,545	6,594	0.7%	7,268	7,356	1.2%	7,970	8,058	1.1%
Operating Profit	2,888	3,070	6.3%	3,418	3,597	5.2%	3,831	4,128	7.7%
Pretax income	2,999	3,028	0.9%	3,295	3,473	5.4%	3,707	4,004	8.0%
Net Income	2,739	2,825	3.1%	3,114	3,282	5.4%	3,496	3,782	8.2%
Net Income attribute to shareholder	**2,717**	**2,839**	**4.5%**	**3,088**	**3,297**	**6.8%**	**3,468**	**3,800**	**9.6%**
EPS (RMB)	4.55	4.76	4.5%	5.17	5.52	6.8%	5.81	6.37	9.6%
Key ratios (%)									
Sales growth	4.7%	4.9%		9.9%	8.4%		10.0%	8.9%	
EPS growth	10.7%	15.7%		13.7%	16.1%		12.3%	15.2%	
Gross margin	19.2%	19.3%		19.4%	19.9%		19.3%	20.0%	
Operating margin	8.5%	9.0%		9.1%	9.7%		9.3%	10.2%	
Net margin	8.0%	8.3%		8.3%	8.9%		8.5%	9.4%	
OPEX to sales	10.7%	10.3%		10.3%	10.2%		10.0%	9.7%	

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 3: P&L summary

We expect 2026 earnings to grow 16% YoY

(RMB mn)	1Q25	2Q25	3Q25	4Q25	FY '25	1Q26	2Q26	3Q26E	4Q26E	FYE '26
Revenue	6,792	7,852	7,692	10,221	32,557	6,495	8,406	8,308	10,939	34,148
Total cost of goods sold	5,398	6,269	6,269	8,413	26,349	5,287	6,771	6,688	8,807	27,554
Gross profit	1,394	1,583	1,424	1,808	6,208	1,208	1,635	1,620	2,132	6,594
Promotion	71	99	85	14	268	63	62	66	77	267
G&A	147	115	157	251	670	135	168	166	197	665
R&D	655	671	676	639	2,642	607	571	640	667	2,485
Operating expenses	895	905	945	932	3,677	831	822	902	970	3,525
Operating income	499	678	478	876	2,531	377	813	718	1,162	3,070
Pretax income	669	657	566	678	2,570	566	774	722	966	3,028
Taxes or tax credit	82	10	-4	10	97	98	20	36	48	202
Profit before minority	587	647	571	668	2,473	467	754	686	918	2,825
Net income	582	640	565	666	2,454	461	783	680	915	2,839
EPS (RMB)	0.98	1.07	0.95	1.12	4.11	0.77	1.31	1.14	1.53	4.76
Fully diluted shares (mn)	597	597	597	597	597	597	597	597	597	597
Operating Ratios										
Gross margins	20.5%	20.2%	18.5%	17.7%	19.1%	18.6%	19.4%	19.5%	19.5%	19.3%
Promotion	1.0%	1.3%	1.1%	0.1%	0.8%	1.0%	0.7%	0.8%	0.7%	0.8%
G&A	2.2%	1.5%	2.0%	2.5%	2.1%	2.1%	2.0%	2.0%	1.8%	1.9%
R&D	9.6%	8.5%	8.8%	6.3%	8.1%	9.3%	6.8%	7.7%	6.1%	7.3%
Operating margin	7.3%	8.6%	6.2%	8.6%	7.8%	5.8%	9.7%	8.6%	10.6%	9.0%
Pre-tax margin	9.8%	8.4%	7.4%	6.6%	7.9%	8.7%	9.2%	8.7%	8.8%	8.9%
Tax rate	12.3%	1.5%	-0.8%	1.5%	3.8%	17.4%	2.5%	5.0%	5.0%	6.7%
Net margin	8.6%	8.2%	7.4%	6.5%	7.6%	7.2%	9.0%	8.3%	8.4%	8.3%
YoY %										
Net revenues	20.3%	29.9%	5.6%	18.2%	17.9%	-4.4%	7.0%	8.0%	7.0%	4.9%
Gross profit	30.5%	24.2%	-4.4%	9.1%	13.1%	-13.3%	3.3%	13.8%	17.9%	6.2%
Operating income	31.9%	19.5%	-28.0%	14.5%	6.6%	-24.5%	19.9%	50.1%	32.6%	21.3%
Net income	51.3%	41.2%	-0.6%	11.3%	22.4%	-20.7%	22.3%	20.3%	37.4%	15.7%
Fully diluted EPS	40.7%	31.3%	-7.6%	3.5%	13.8%	-20.7%	22.3%	20.3%	37.4%	15.7%
QoQ %										
Net revenues	-21.4%	15.6%	-2.0%	32.9%		-36.5%	29.4%	-1.2%	31.7%	
Gross profit	-15.9%	13.6%	-10.1%	27.0%		-33.2%	35.3%	-0.9%	31.6%	
Operating income	-34.8%	35.9%	-29.5%	83.2%		-57.0%	115.8%	-11.7%	61.9%	
Net income	-2.6%	10.0%	-11.7%	17.8%		-30.7%	69.7%	-13.2%	34.6%	
Fully diluted EPS	-9.5%	10.0%	-11.7%	17.8%		-30.7%	69.7%	-13.2%	34.6%	

Source: BofA Global Research estimates, company report

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Price objective basis & risk

Desay SV (XGDFF)

Our PO of RMB118 is based on 23x 2H26-1H27E EPS. We derive our target P/E of 23x, based on 1SD (standard deviation) lower than historical average PER since IPO. We believe this valuation is justified as Desay's growth is expected to decelerate from the peak level given higher base and lower profitability on pricing and competition.

Upside risks: ADAS (Advanced Driver Assistance Systems) domain controller growth higher than our expectation and it is able to secure the majority of high end ADAS domain controller order, GPM see improvement on stronger bargaining power with OEMs.

Downside risks: auto chip supply constraint, weaker auto/EV (electric vehicle) sales in China, intensified competition, and tightened regulation on development of ICV (intelligent connected vehicle).

Analyst Certification

I, Joey Yang, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

APR - Autos Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	ARCHION	XKBNP	543A JP	Shiro Sakamaki
	Ashok Leyland	XDBVF	AL IN	Gunjan Prithyani
	Astra International	PTAIF	ASII IJ	Jessie Lo
	Bajaj Auto	XBJBF	BJAUT IN	Gunjan Prithyani
	Bethel	XBETF	603596 CH	Joey Yang, CFA
	Bharat Forge	XUUVF	BHFC IN	Gunjan Prithyani
	BYD	BYDDF	1211 HK	Ming Hsun Lee, CFA
	BYD	XYMPF	002594 CH	Ming Hsun Lee, CFA
	BYD	BYDDY	BYDDY US	Ming Hsun Lee, CFA
	CALB	XCLSF	3931 HK	Ming Hsun Lee, CFA
	CATL	XMOQF	300750 CH	Ming Hsun Lee, CFA
	CATL	CTATF	3750 HK	Ming Hsun Lee, CFA
	CFMOTO	XCZOF	603129 CH	Joey Yang, CFA
	Chery Auto	XCAVF	9973 HK	Joey Yang, CFA
	DENSO	DNZOF	6902 JP	Shiro Sakamaki
	Desay SV	XGDFF	002920 CH	Joey Yang, CFA
	EVE	XEVEF	300014 CH	Ming Hsun Lee, CFA
	Fuyao Glass	XFGIF	600660 CH	Jessie Lo
	Fuyao Glass	FIGIF	3606 HK	Jessie Lo
	Geely	GELYF	175 HK	Ming Hsun Lee, CFA
	GS Yuasa	GYUAF	6674 JP	Shiro Sakamaki
	Hankook Tire	XHTRF	161390 KS	KJ Hwang
	Hero Motocorp	HRHDF	HMCL IN	Gunjan Prithyani
	Hesai	HSAI	HSAI US	Jessie Lo
	Hesai	XHGZF	2525 HK	Jessie Lo
	HL Mando	XMADF	204320 KS	KJ Hwang
	Honda Motor	HMC	HMC US	Shiro Sakamaki
	Honda Motor	HNDAF	7267 JP	Shiro Sakamaki
	Hyundai Motor India	XZHZF	HYUNDAI IN	Gunjan Prithyani
	Isuzu Motors	ISUZF	7202 JP	Shiro Sakamaki
	Joyson	XQMWF	600699 CH	Fiona Liang
	Joyson	XJYSF	699 HK	Fiona Liang
	Kia Corp	KIMTF	000270 KS	KJ Hwang
	Koito Manufacturing	KOTMF	7276 JP	Shiro Sakamaki
	Leapmotor	ZJLMF	9863 HK	Ming Hsun Lee, CFA

APR - Autos Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Mahindra & Mahindra (M&M)	XKQRF	MM IN	Gunjan Prithyani
	Minth	MNTHF	425 HK	Fiona Liang
	Momenta	XJAOF	6880 HK	Joey Yang, CFA
	Nexteer	NTXVF	1316 HK	Joey Yang, CFA
	NHK Spring	NHKGF	5991 JP	Shiro Sakamaki
	Ninebot	XNLTF	689009 CH	Joey Yang, CFA
	Ningbo Tuopu	XNCGF	601689 CH	Joey Yang, CFA
	Pony AI	PONY	PONY US	Ming Hsun Lee, CFA
	Pony AI	XNPYF	2026 HK	Ming Hsun Lee, CFA
	RoboSense	RBSTF	2498 HK	Joey Yang, CFA
	Shenzhen Kedali	XWCSF	002850 CH	Jessie Lo
	Shuanghuan Driveline	XZSHF	002472 CH	Fiona Liang
	Sona Comstar	XBNXF	SONACOMS IN	Gunjan Prithyani
	Stanley Electric	STAEF	6923 JP	Shiro Sakamaki
	Sumitomo Rubber Industries	SMTUF	5110 JP	Shiro Sakamaki
	Suzuki Motor	SZKMF	7269 JP	Shiro Sakamaki
	Tata Motors CV	XTMCF	TMCV IN	Gunjan Prithyani
	Toyota Motor	TOYOF	7203 JP	Shiro Sakamaki
	Toyota Motor	TM	TM US	Shiro Sakamaki
	WeRide	WRD	WRD US	Ming Hsun Lee, CFA
	WeRide	WRDIF	800 HK	Ming Hsun Lee, CFA
	Wuxi Lead	XZSRF	300450 CH	Yikai Liu, CFA
	Wuxi Lead	XLFDF	470 HK	Yikai Liu, CFA
	Xingyu Automotive Lighting	XLIXF	601799 CH	Joey Yang, CFA
	XPeng Inc	XPEV	XPEV US	Ming Hsun Lee, CFA
	XPeng Inc.	XPNGF	9868 HK	Ming Hsun Lee, CFA
	Yadea	YADGF	1585 HK	Joey Yang, CFA
NEUTRAL				
	Aisin Corporation	ASEKF	7259 JP	Shiro Sakamaki
	Bridgestone	BRDCF	5108 JP	Shiro Sakamaki
	Bridgestone	BRDCY	BRDCY US	Shiro Sakamaki
	Eicher Motors	XEIMF	EIM IN	Gunjan Prithyani
	Escorts Kubota	XSCOF	ESCORTS IN	Gunjan Prithyani
	Great Wall Motor	GWLLF	2333 HK	Ming Hsun Lee, CFA
	Hyundai Mobis	HYPLF	012330 KS	KJ Hwang
	Hyundai Motor	HYMLF	005380 KS	KJ Hwang
	Li Auto	LI	LI US	Ming Hsun Lee, CFA
	Li Auto	LAAOF	2015 HK	Ming Hsun Lee, CFA
	Maruti	MUDGF	MSIL IN	Gunjan Prithyani
	Mazda Motor	MZDAF	7261 JP	Shiro Sakamaki
	NIO	NIO	NIO US	Ming Hsun Lee, CFA
	NIO	NIOIF	9866 HK	Ming Hsun Lee, CFA
	NIO	XLTWF	NIO SP	Ming Hsun Lee, CFA
	SAMIL (Motherson International)	XMSUF	MOTHERSO IN	Gunjan Prithyani
	Subaru Corp	FUJHF	7270 JP	Shiro Sakamaki
	Subaru Corp	FUJHY	FUJHY US	Shiro Sakamaki
	Toyo Tire	TOTTF	5105 JP	Shiro Sakamaki
	Toyoda Gosei	TGOSF	7282 JP	Shiro Sakamaki
	TVS Motors	XFKMF	TVSL IN	Gunjan Prithyani
	VOYAH	XRITF	7489 HK	Ming Hsun Lee, CFA
	Yokohama Rubber	YORUF	5101 JP	Shiro Sakamaki
	Yutong Bus	ZHYUF	600066 CH	Fiona Liang
UNDERPERFORM				
	Aima Technology	XIHBF	603529 CH	Joey Yang, CFA
	BAIC Motor	BMCLF	1958 HK	Ming Hsun Lee, CFA
	Ehang	EH	EH US	Fiona Liang
	GAC	XGNHF	601238 CH	Ming Hsun Lee, CFA
	Great Wall Motor	XGWMF	601633 CH	Ming Hsun Lee, CFA
	Guangzhou Automobile Group	GNZUF	2238 HK	Ming Hsun Lee, CFA
	Huayu	XHASF	600741 CH	Fiona Liang
	Hyundai Wia	XWHYF	011210 KS	KJ Hwang
	Jardine Matheson SEA	JCYCF	JCNC SP	Jessie Lo
	Mitsubishi Motors	MMTOF	7211 JP	Shiro Sakamaki
	Motherson Sumi Wiring	XMWDF	MSUMI IN	Gunjan Prithyani

APR - Autos Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Nextage	NXAGF	3186 JP	Shiro Sakamaki
	Nissan Motor	NSANF	7201 JP	Shiro Sakamaki
	Nissan Motor	NSANY	NSANY US	Shiro Sakamaki
	Ola Electric Mobility Limited	XOLAF	OLAELEC IN	Gunjan Prithyani
	SAIC Motor	XZNJF	600104 CH	Ming Hsun Lee, CFA
	Seres	XSRSF	601127 CH	Joey Yang, CFA
	Seres	XSGLF	9927 HK	Joey Yang, CFA
	Tata Motors Passenger Vehicles Limited	XTTSF	TMPV IN	Gunjan Prithyani
	Toyota Boshoku	TDBOF	3116 JP	Shiro Sakamaki
	Yongda	CYYHF	3669 HK	Joey Yang, CFA
	Zhejiang Sanhua	XZSIF	002050 CH	Jessie Lo
	Zhejiang Sanhua	ZSINF	2050 HK	Jessie Lo
	Zhongsheng Auto	ZHSHF	881 HK	Joey Yang, CFA

iQmethod℠ Measures Definitions

Business Performance	Numerator	Denominator
Return On Capital Employed	NOPAT = (EBIT + Interest Income) × (1 − Tax Rate) + Goodwill Amortization	Total Assets − Current Liabilities + ST Debt + Accumulated Goodwill Amortization
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5 Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations − Total Capex	N/A

Quality of Earnings	Numerator	Denominator
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	Net Debt = Total Debt − Cash & Equivalents	Total Equity
Interest Cover	EBIT	Interest Expense

Valuation Toolkit	Numerator	Denominator
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualised Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations − Total Capex	Market Cap = Current Share Price × Current Basic Shares
Enterprise Value / Sales	EV = Current Share Price × Current Shares + Minority Equity + Net Debt + Other LT Liabilities	Sales
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

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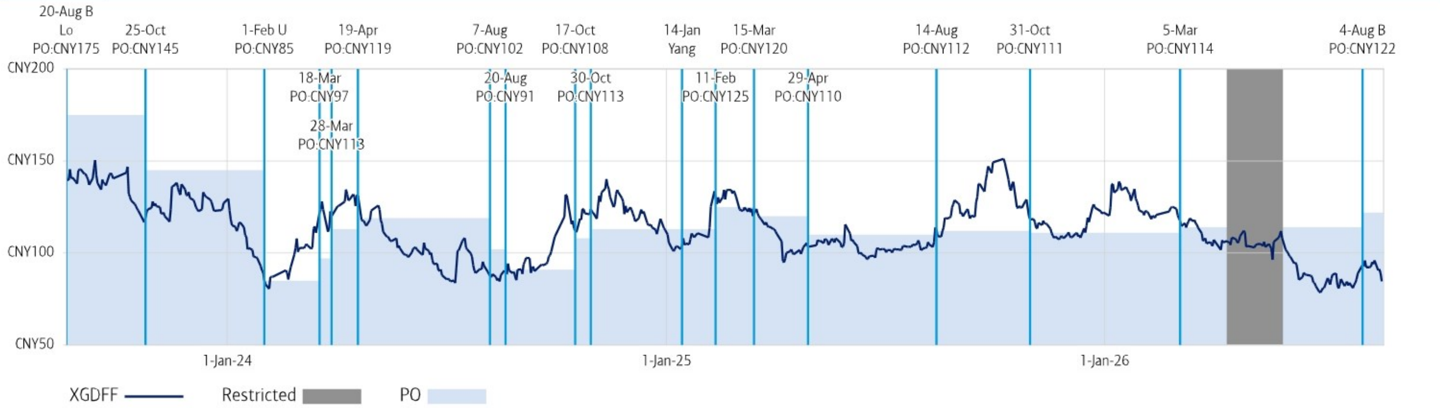
Important Disclosures

Desay SV (XGDFF) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Equity Investment Rating Distribution: Autos Group (as of 30 Jun 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	75	56.39%	Buy	41	54.67%
Hold	28	21.05%	Hold	18	64.29%
Sell	30	22.56%	Sell	17	56.67%

Equity Investment Rating Distribution: Technology Group (as of 30 Jun 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	243	60.60%	Buy	123	50.62%
Hold	87	21.70%	Hold	45	51.72%
Sell	71	17.71%	Sell	21	29.58%

Equity Investment Rating Distribution: Global Group (as of 30 Jun 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	1987	56.11%	Buy	1190	59.89%
Hold	797	22.51%	Hold	496	62.23%
Sell	757	21.38%	Sell	391	51.65%

[R1] Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster[R2]
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

[R2]Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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