Morgan Stanley | RESEARCH

UPDATE

September 18, 2026 04:25 AM GMT

Zhejiang Sanhua Intelligent Controls | Asia Pacific

China BEST Conference 2026 Feedback

EV parts: Sanhua guided for double-digit EV parts revenue growth in 2026. Revenue from modules (instead of components, implying a higher self-supply ratio) exceeded 50% in 1H26, up from ~40% in 2025.

Cooling parts: Sanhua guided for 5-10% revenue CAGR in cooling parts over the medium term, with Rmb9bn in annual commercial cooling revenue, implying a 30% market share target, versus ~Rmb2bn in 1H26.

AI cooling: Sanhua booked Rmb0.8-1bn AI cooling revenue in 1H26, with 80% from the primary side and 20% from the secondary side.

Humanoid: Sanhua indicated its humanoid parts business remains on track. It focuses on body actuators and hand micro screws, while also developing robot thermal solutions.

MORGAN STANLEY ASIA LIMITED+

Shelley Wang, CFA
Equity Analyst
Shelley.Wang@morganstanley.com +852 3963-0047

Tim Hsiao
Equity Analyst
Tim.Hsiao@morganstanley.com +852 2848-1982

Joey Xu, CFA
Equity Analyst
Joey.Xu@morganstanley.com +852 3963-0337

Peggy Wang
Research Associate
Peggy.Pc.Wang@morganstanley.com +852 3963-3934

Junming Zhang
Research Associate
Junming.Zhang1@morganstanley.com +852 2848-5412

Zhejiang Sanhua Intelligent Controls (002050.SZ, 002050 CS)

China Autos & Shared Mobility | China

Stock Rating	**Equal-weight**
Industry View	**In-Line**
Price target	Rmb40.00
Up/downside to price target (%)	15
Shr price, close (Sep 17, 2026)	Rmb34.64
52-Week Range	Rmb60.77-33.28
Sh out, dil, curr (mn)	4,200
Mkt cap, curr (mn)	Rmb145,476
EV, curr (mn)	Rmb131,763
Avg daily trading value (mn)	Rmb6,554

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (Rmb)**	1.02	1.05	1.35	1.54
EPS, basic (Rmb)**	1.02	1.05	1.35	1.54
Revenue, net (Rmb mn)	31,012	33,226	38,743	42,806
EBITDA (Rmb mn)	5,970	6,350	7,616	8,574
ModelWare net inc (Rmb mn)	4,063	4,424	5,674	6,454
P/E	54.0	32.9	25.6	22.5
P/BV	6.5	3.7	3.3	3.0
RNOA (%)	21.9	20.5	23.2	24.2
ROE (%)	21.1	13.9	16.3	16.6
EV/EBITDA	32.2	20.5	16.8	14.5

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
e = Morgan Stanley Research estimates

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Valuation Methodology and Risks

Zhejiang Sanhua Intelligent Controls (002050.SZ)

Base case, derived from DCF valuation. Our key assumptions include a 12% WACC (14.5% cost of equity and 6.3% cost of debt) and a 3% terminal growth rate.

Risks to Upside

- Stronger-than-expected Tesla sales, especially in China
- Higher-than-expected air conditioner sales growth
- Order wins from new EV customers
- Robotic business wins

Risks to Downside

- Sales slump in China's property market (affecting residential HVAC), as seen in 2015
- Global EV demand slowdown
- Growing competition in NEV business
- FX/export risks amid macro uncertainty

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(as of August 31, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1555	42%	450	48%	29%	767	44%
Equal-weight/Hold	1577	43%	395	42%	25%	770	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	559	15%	93	10%	17%	216	12%
Total	3,694		939			1754	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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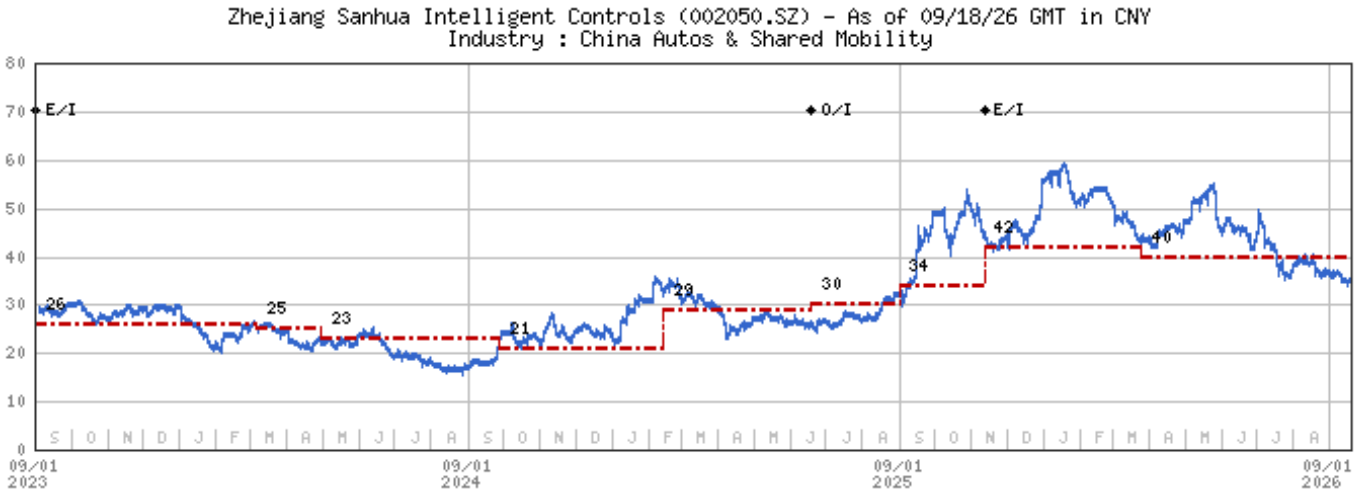
Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

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Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 9/1/21 : O/A; 3/1/22 : E/A; 8/15/22 : E/A; 8/25/22 : E/I; 6/18/25 : O/I; 11/12/25 : E/I

Price Target History: 6/12/20 : 22; 3/1/22 : 21; 4/13/22 : 17; 8/15/22 : 26; 3/6/24 : 25; 4/30/24 : 23; 9/27/24 : 21; 2/13/25 : 29; 6/18/25 : 30; 9/1/25 : 34; 11/12/25 : 42; 3/25/26 : 40

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
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INDUSTRY COVERAGE: China Autos & Shared Mobility

COMPANY (TICKER)	RATING (AS OF)	PRICE* (09/17/2026)
Joey Xu, CFA		
Anhui Jianghuai Automobile (600418.SS)	E (08/19/2023)	Rmb19.38
BAIC Motor (1958.HK)	E (10/02/2025)	HK$0.71
Brilliance China Automotive (1114.HK)	E (03/31/2025)	HK$1.73
Chongqing Changan Automobile (000625.SZ)	E (03/03/2026)	Rmb7.15
Guangzhou Automobile Group (601238.SS)	U (10/23/2019)	Rmb5.09
Guangzhou Automobile Group (2238.HK)	O (05/05/2020)	HK$2.44
Huayu Automotive (600741.SS)	O (09/08/2020)	Rmb15.18
Jiangsu Changshu Automotive Trim Group (603035.SS)	U (09/01/2026)	Rmb10.10
Ningbo Huaxiang Electronic Co., Ltd. (002048.SZ)	E (05/05/2026)	Rmb18.12
SAIC Motor Corp. Ltd. (600104.SS)	O (11/25/2021)	Rmb11.19
Voyah Automotive Technology Co. Ltd, (7489.HK)	O (03/31/2026)	HK$1.89
Zhengzhou Yutong Bus Co (600066.SS)	E (09/22/2023)	Rmb26.33
Shelley Wang, CFA		
Beijing Jingwei Hirain Technologies (688326.SS)	U (09/27/2024)	Rmb57.59
Bethel Automotive Safety Systems Co Ltd (603596.SS)	O (12/11/2023)	Rmb28.51
Changzhou Xingyu Automotive Lighting Sys (601799.SS)	O (09/27/2024)	Rmb71.33
China MeiDong Auto Holdings Ltd (1268.HK)	U (07/10/2026)	HK$0.28
China Yongda Automobiles Services (3669.HK)	U (07/10/2026)	HK$0.84
Foryou Corporation (002906.SZ)	O (03/06/2024)	
Fuyao Glass Industry Group (600660.SS)	E (12/01/2016)	
Fuyao Glass Industry Group (3606.HK)	E (12/01/2016)	
Huizhou Desay SV Automotive Co Ltd (002920.SZ)	O (02/28/2025)	
Keboda (603786.SS)	O (01/17/2024)	
Minth Group Limited (0425.HK)	O (08/24/2015)	
NavInfo Co Ltd (002405.SZ)	U (03/06/2024)	
Nexteer Automotive Group (1316.HK)	E (02/28/2025)	



Ningbo Joyson Electronic Corp (600699.SS)	E (03/11/2026)	Rmb19.87
Ningbo Tuopu Group Co Ltd (601689.SS)	E (11/12/2025)	Rmb43.76
Ningbo Xusheng Group Co Ltd (603305.SS)	E (06/18/2025)	Rmb10.76
Suzhou Recodeal Interconnect System (688800.SS)	O (07/02/2026)	Rmb68.60
TUHU Car Inc (9690.HK)	O (07/29/2024)	HK$11.76
Zhejiang Sanhua Intelligent Controls (002050.SZ)	E (11/12/2025)	Rmb34.64
Zhongsheng Group Holdings (0881.HK)	E (07/10/2026)	HK$3.12
Tim Hsiao		
BAIC BluePark New Energy (600733.SS)	U (08/07/2024)	Rmb4.49
BYD Company Limited (002594.SZ)	O (04/14/2025)	Rmb84.97
BYD Company Limited (1211.HK)	O (04/14/2025)	HK$81.15
EHang Holdings Ltd (EH.O)	E (09/15/2026)	US$4.62
Geely Automobile Holdings (0175.HK)	O (06/26/2024)	HK$16.00
Great Wall Motor Company Limited (601633.SS)	U (03/16/2022)	Rmb14.20
Great Wall Motor Company Limited (2333.HK)	E (01/08/2024)	HK$7.47
Hesai Group (HSAI.O)	O (07/28/2025)	US$16.92
Horizon Robotics (9660.HK)	O (12/02/2024)	HK$4.13
Li Auto Inc. (LI.O)	O (08/24/2020)	US$11.97
Li Auto Inc. (2015.HK)	O (11/16/2021)	HK$46.88
NIO Inc. (9866.HK)	O (10/03/2022)	HK$28.00
NIO Inc. (NIO.N)	O (08/26/2020)	US$3.62
WeRide Inc (WRD.O)	O (11/19/2024)	US$5.60
XPeng Inc. (9868.HK)	O (11/16/2021)	HK$41.18
XPeng Inc. (XPEV.N)	O (01/29/2021)	US$10.60

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.

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