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Haier Smart Home Co Ltd | Asia Pacific

China BEST Conference Takeaways

MORGAN STANLEY ASIA LIMITED+

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Key Takeaways

- FY26 sales are expected to be largely flat yoy, with 3Q still under pressure from a high base. Net profit target at flat yoy including tax refund benefit.
- HVAC growth is expected to be at a single digit yoy in 2H26, driven by overseas growth while domestic sales are flat.
- Domestic white goods sales expected to recover to LSD growth in 2H26, post organization restructuring and product portfolio enhancement in refrigerators.
- US sales targeted at flat growth in 2H26 in USD terms, despite pressure remaining in the industry. Margin to improve post supply chain optimization.
- EU sales is targeted at HSD growth in 2H26 in local currency, with white goods at SD while rapid growth in HVAC remains.

HVAC: Haier's China residential AC grew ~10% in 1H26, with margins at 6-7%. The focus will be better pricing from mix improvement, competitive product offering, and synergies from segment consolidation.

US: EBIT margin targets to recover to 7% over the next 2–3 years (currently 5%), benefiting from the optimization of production sites for the US and supply chain efficiency.

EU: Margin to see meaningful improvement in 2H26 vs 1H26 without further restructuring costs.

Costs: Copper prices continue to pressure AC profitability, with mitigation from locking in procurement, hedging and supply chain savings. DTC increases warehousing and logistics costs in selling expenses, but GM savings are expected from channel discount optimization, benefitting overall margins.

Capex: Rmb4.4bn in 1H26, split equally between domestic and overseas (majority in US supply chain optimization), and targets Rmb10bn in FY26.

Data centers: Limited revenue contribution in 1H26, with rapid growth and partnerships with hyperscalers. Current focus is mainly on air cooling, while liquid-cooling investment opportunities are being explored primarily in China.

Haier Smart Home Co Ltd (600690.SS, 600690 CG)

China/Hong Kong Consumer | China

Stock Rating	**Equal-weight**
Industry View	**In-Line**
Price target	Rmb23.00
Up/downside to price target (%)	11
Shr price, close (Sep 17, 2026)	Rmb20.70
52-Week Range	Rmb28.31-19.25
Sh out, dil, curr (mn)	6,627
Mkt cap, curr (mn)	Rmb186,797
EV, curr (mn)	Rmb156,855
Avg daily trading value (mn)	Rmb1,045

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (Rmb)**	2.09	2.09	2.29	2.49
EPS (Rmb)§	2.26	2.06	2.24	2.47
Revenue, net (Rmb mn)	302,347	308,113	321,195	338,372
EBITDA (Rmb mn)	28,257	29,438	32,086	34,772
ModelWare net inc (Rmb mn)	19,553	19,571	21,493	23,313
P/E	12.5	9.9	9.0	8.3
P/BV	2.1	1.5	1.4	1.3
RNOA (%)	26.1	21.3	22.3	24.0
ROE (%)	17.6	16.5	16.9	16.9
EV/EBITDA	7.2	5.1	4.4	3.8
Div yld (%)	4.4	5.8	6.6	7.2
FCF yld ratio (%)**	6.8	10.5	12.0	13.2
Leverage (EOP) (%)	(39.8)	(45.5)	(49.7)	(54.0)

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

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Valuation Methodology and Risks

Haier Smart Home Co Ltd (600690.SS)

Our Haier-A price target is based on a target 2026e P/E of 11x, implying 2.3x PEG on the 2025-27e EPS CAGR. Our target multiple is slightly lower than average P/E of 13x at which the stock has traded since 2017.

Risks to Upside

- Better-than-expected rebound in Chinese property market.
- Further market consolidation from premiumization.

Risks to Downside

- Further slowdown in Chinese property market.
- Price competition for air conditioners from market leaders.
- Higher-than-expected costs from poor execution of expansion plan.
- Execution risks from M&A deals.

Haier Smart Home Co Ltd (6690.HK)

Base case, target 2026e A-share P/E of 11.0x and a 10% H-A discount (in line with average since Haier-H's listing), implying 9.8x P/E.

Risks to Upside

- Better-than-expected rebound in Chinese property market.
- Further market consolidation from premiumization.

Risks to Downside

- Further slowdown in Chinese property market.
- Price competition in air conditioners from market leaders.
- Higher-than-expected costs due to poor execution of expansion plan.
- Execution risks from M&A deals.

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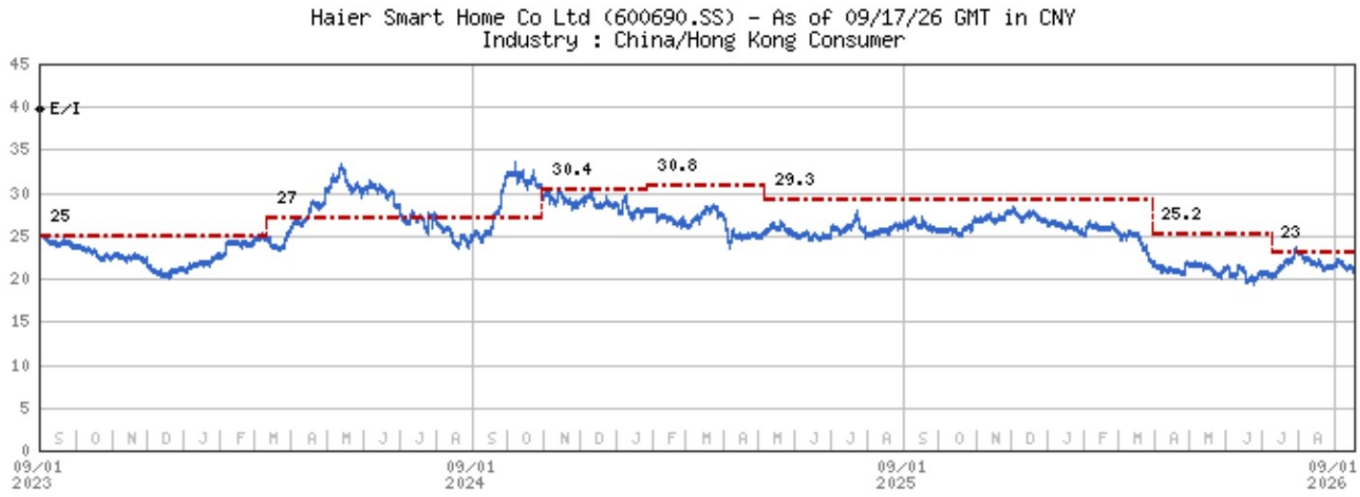
Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

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



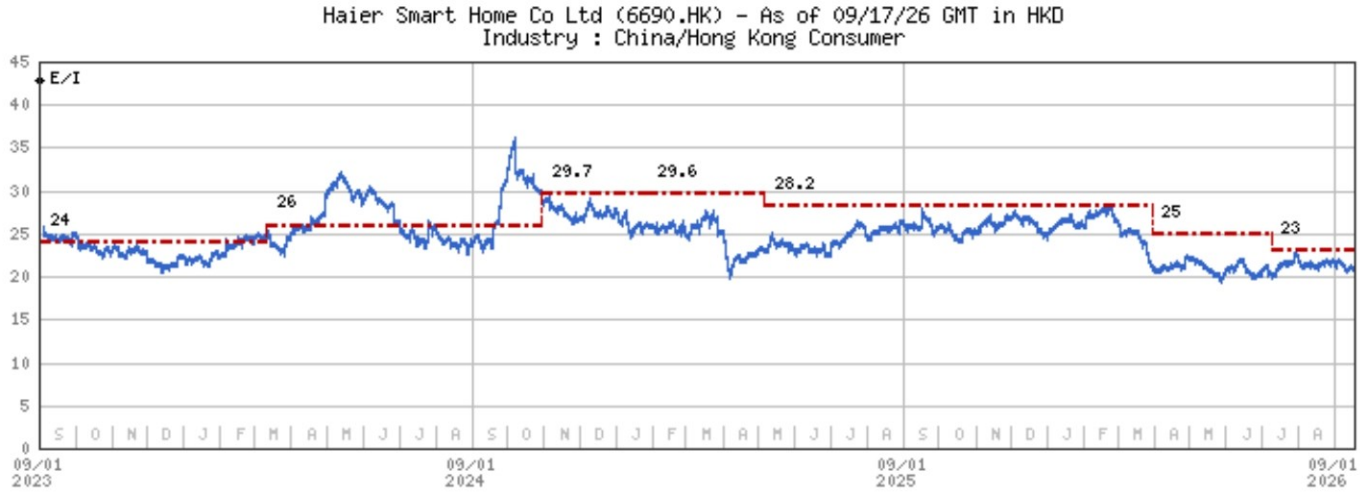
Stock Rating History: 9/1/21 : O/I; 1/17/22 : E/I

Price Target History: 7/30/21 : 32; 5/20/22 : 29; 5/11/23 : 25; 3/11/24 : 27; 10/30/24 : 30.4; 1/27/25 : 30.8; 5/6/25 : 29.3; 3/30/26 : 25.2; 7/9/26 : 23

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)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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Stock Rating History: 9/1/21 : O/I; 1/17/22 : E/I

Price Target History: 7/30/21 : 35; 5/20/22 : 30; 5/11/23 : 26; 8/28/23 : 24; 3/11/24 : 26; 10/30/24 : 29.7; 1/27/25 : 29.6; 5/6/25 : 28.2; 3/30/26 : 25; 7/9/26 : 23

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)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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INDUSTRY COVERAGE: China/Hong Kong Consumer

COMPANY (TICKER)	RATING (AS OF)	PRICE* (09/17/2026)

Dustin Wei		
ANTA Sports Products (2020.HK)	++	HK$72.00
Bosideng International Holdings Limited (3998.HK)	O (11/27/2024)	HK$4.08
C&S Paper Co Ltd (002511.SZ)	U (09/22/2021)	Rmb6.93
Chacha Food Co Ltd (002557.SZ)	U (02/20/2025)	Rmb17.95
Giant Biogene Holding Co Ltd (2367.HK)	O (08/08/2024)	HK$24.46
Health and Happiness (H&H) (1112.HK)	E (07/12/2021)	HK$16.81
Hengan International Group (1044.HK)	E (05/06/2021)	HK$19.70
Li Ning (2331.HK)	O (10/09/2019)	HK$12.58
Mao Geping Cosmetics Co., Ltd (1318.HK)	O (03/10/2026)	HK$46.22
Pop Mart International Group (9992.HK)	O (05/17/2021)	HK$153.20
Proya Cosmetics Co. Ltd. (603605.SS)	O (10/12/2021)	Rmb55.65
Samsonite Group (1910.HK)	O (06/15/2020)	HK$12.15
Shanghai Jahwa United Co. Ltd. (600315.SS)	U (07/07/2023)	Rmb17.75
Sun Art Retail Group Limited (6808.HK)	E (03/05/2019)	HK$1.04
Topsports International Holdings Ltd (6110.HK)	E (07/23/2026)	HK$0.97
Weilong Delicious Global Holdings Ltd (9985.HK)	O (06/11/2025)	HK$6.94
Yonghui Superstores (601933.SS)	U (05/18/2023)	Rmb2.99
Hildy Ling		
Angel Yeast Co. Ltd. (600298.SS)	E (05/21/2026)	Rmb39.92
Beijing Roborock Technology Co Ltd (688169.SS)	O (09/25/2024)	Rmb120.55
China Tourism Group Duty Free (1880.HK)	E (12/13/2023)	HK$46.14
China Tourism Group Duty Free (601888.SS)	E (12/13/2023)	Rmb51.15
Chow Tai Fook Jewellery Group Ltd (1929.HK)	O (03/04/2025)	HK$11.03
Chow Tai Seng Jewellery Co Ltd (002867.SZ)	U (03/04/2025)	Rmb10.22
Ecovacs Robotics Co Ltd (603486.SS)	O (07/09/2026)	Rmb49.28
Foshan Haitian Flavouring and Food (603288.SS)	E (07/28/2025)	Rmb33.89
Foshan Haitian Flavouring and Food (3288.HK)	E (05/21/2026)	HK$26.60
Haidilao International Holding Ltd (6862.HK)	O (05/26/2021)	HK$9.50
Hangzhou Robam Appliances Co Ltd (002508.SZ)	U (02/21/2024)	Rmb16.11
Laopu Gold (6181.HK)	O (10/20/2025)	HK$363.00
Super Hi (HDL.O)	E (01/14/2025)	US$11.61
Zhejiang Supor Co. Ltd. (002032.SZ)	U (07/27/2026)	Rmb39.99
Lillian Lou		
Anhui Gujing Distillery Company Limited (000596.SZ)	U (02/13/2026)	Rmb92.50
Budweiser Brewing Company APAC Ltd (1876.HK)	O (11/04/2019)	HK$5.91
Chagee Holdings Ltd (CHA.O)	O (06/02/2025)	US$12.19
China Mengniu Dairy (2319.HK)	O (09/14/2017)	HK$18.09
China Resources Beer Holdings Co Ltd (0291.HK)	O (12/11/2018)	HK$18.17
Chongqing Brewery Co. Ltd. (600132.SS)	U (07/30/2021)	Rmb37.78
Eastroc Beverages (605499.SS)	O (03/12/2026)	Rmb110.84
Eastroc Beverages (9980.HK)	O (03/12/2026)	HK$96.20
Gree Electric Appliances Inc of Zhuhai (000651.SZ)	E (07/09/2026)	Rmb37.98
Haier Smart Home Co Ltd (600690.SS)	E (01/17/2022)	Rmb20.70
Haier Smart Home Co Ltd (6690.HK)	E (01/17/2022)	HK$20.58
Kweichow Moutai Company Ltd. (600519.SS)	O (10/17/2014)	Rmb1,266.98
Luzhou Lao Jiao Co. Ltd (000568.SZ)	E (01/23/2019)	Rmb71.65
Midea Group Co Ltd. (0300.HK)	O (11/01/2024)	HK$99.20
Midea Group Co Ltd. (000333.SZ)	O (01/17/2022)	Rmb85.04
Muyuan Foodstuff Co. Ltd (2714.HK)	O (03/17/2026)	HK$37.52
Muyuan Foodstuff Co. Ltd (002714.SZ)	O (03/17/2026)	Rmb41.28
Nongfu Spring Co Ltd (9633.HK)	E (07/30/2021)	HK$38.96
Shanxi Xinghuacun Fen Wine Factory Co. (600809.SS)	O (10/28/2020)	Rmb113.08
Shuanghui Development (000895.SZ)	U (03/16/2021)	Rmb23.32
Tingyi (Cayman Islands) (0322.HK)	E (07/25/2025)	HK$11.83

Tsingtao Brewery Co Ltd (0168.HK)	E (11/01/2024)	HK$39.70
Tsingtao Brewery Co Ltd (600600.SS)	E (02/28/2024)	Rmb50.11
Uni-President China (0220.HK)	E (07/25/2025)	HK$7.00
Want Want China Holdings Ltd (0151.HK)	E (11/29/2023)	HK$2.80
WH Group (0288.HK)	O (02/24/2025)	HK$6.48
Wuliangye Yibin Company Ltd. (000858.SZ)	E (08/15/2024)	Rmb69.13
Yanghe Brewery (002304.SZ)	U (01/05/2021)	Rmb37.95
Yanjing Brewery (000729.SZ)	U (09/02/2015)	Rmb10.50
Yili Industrial (600887.SS)	O (01/29/2014)	Rmb26.56
Yum China Holdings Inc. (YUMC.N)	O (03/20/2018)	US$41.36
ZJLD Group (6979.HK)	E (02/13/2026)	HK$7.54
Terence Cheng		
Chervon Holdings Ltd. (2285.HK)	E (04/12/2024)	HK$25.58
Crystal International Group Ltd. (2232.HK)	E (06/23/2025)	HK$6.47
Gongniu Group Co Ltd (603195.SS)	O (05/08/2023)	Rmb37.95
Hangzhou Greatstar Industrial Co Ltd (002444.SZ)	E (10/26/2022)	Rmb27.04
Huali Industrial Group Co (300979.SZ)	U (02/10/2026)	Rmb31.96
Shenzhou International Group Holdings (2313.HK)	O (07/13/2017)	HK$34.94
Stella International Holdings Ltd (1836.HK)	E (06/23/2025)	HK$11.30
Techtronic Industries Co Ltd (0669.HK)	O (12/05/2019)	HK$128.50
Yue Yuen Industrial Hldg (0551.HK)	E (09/14/2021)	HK$12.49

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