The 720: Panasonic & BBU opportunity, Carbonomics - Behind the Meter, China Education, Xiaomi, Shennan Circuits, Wanchen Food

Michael Snaith
+852-2978-0455 |
michael.snaith@gs.com
Goldman Sachs (Asia) L.L.C.

Caleb Chan
+852-2978-0790 | caleb.chan@gs.com
Goldman Sachs (Asia) L.L.C.

In Focus | Panasonic & BBU opportunity

Global Technology Hardware – Framing the Battery Backup Unit Opportunity. We project the global Battery Backup Unit (BBU) market to expand 23x from $2.2 billion in 2025 to $50.2 billion in 2030, reflecting an 87% CAGR driven by surging generative AI GPU power consumption and attach rates climbing toward 95%. We see strong upside for several Buy-rated players across the supply chain, highlighting Panasonic HD, Murata Manufacturing, TDK, MinebeaMitsumi, Delta Electronics, Flex, and LG Energy Solution. Positioned as the primary beneficiary with a dominant 70–80% market share and vertically integrated hyperscaler relationships, we raise our operating profit estimates for Panasonic HD by 3%/11%/11% from this fiscal year onward and lift our 12m TP to ¥6,300. *Ryo Harada*

Themes in Play | Carbonomics - Behind the Meter, China Education, Xiaomi, Smartphones, Shennan Circuits, Wanchen Food

Carbonomics – Behind-the-meter power solutions for data centers. We raise our 2030 global outlook for behind-the-meter data center power generation capacity to 67GW from 40GW, driven by severe grid connection delays and an upgraded global data center capacity forecast. While combined-cycle gas turbines and reciprocating engines screen best on generation economics, we believe technology selection is increasingly driven by execution factors like speed-to-power and permitting certainty, where fuel cells currently score highest. Reflecting this shift, we now forecast fuel cells supplying 18GW globally by 2030, and we highlight Buy-rated Ceres Power, Weichai Power, and Delta Electronics as key beneficiaries for fuel cell adoption, alongside GE Vernova, Siemens Energy, Mitsubishi Heavy Industries, and INNIO for conventional gas-powered generation. *Michele Della Vigna*

China Education – Aug-Q Preview. We stay constructive on the sector, maintaining Buy ratings on EDU and TAL while slightly raising our 12m TPs to US$71 and US$16.1, respectively, as we favor their defensive businesses and high growth visibility in a soft macro environment. For the August quarter, we anticipate a temporary revenue growth convergence near 22%-23% year-over-year, though we expect TAL's growth to resume outpacing EDU over the mid-term. We raise our FY27-FY29 non-GAAP operating profit estimates by 2%-3% for EDU and 1%-4% for TAL, reflecting East Buy's better profitability and higher gross margins. We expect robust margin expansion to continue through disciplined learning center expansion, AI-enabled efficiency gains, and strict expense control. *Timothy Zhao*

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Xiaomi – Democratizing Frontier Intelligence with MiMo-V2.6 Release – Buy. Xiaomi's Sep 22-23 launches reinforce its strategic positioning across foundation models, premium smartphones and the "Human × Car × Home" ecosystem. MiMo-V2.6 series is among the few open-source trillion-parameter models offering frontier multimodal reasoning across text, image, video and audio. Importantly, Xiaomi kept API/token pricing unchanged vs. V2.5, while introducing MiMo Desktop, subscription plans, discounted batch APIs and team packages. We view this as evidence of strong training and inference efficiency, balance-sheet capacity and a long-term monetization strategy spanning consumers, enterprises and physical-world applications. We remain cautious on near-term smartphone shipments given soft demand and a demanding Xiaomi 17 comparison, although the 18 Pro's launch should support Xiaomi's top 3 position in China's premium smartphone market. Key 4Q26 catalysts include September EV deliveries, SkyNomad locked orders, Singles' Day GMV, and the international Xiaomi 18 Pro launch. 12m TP of HK$39. *Timothy Zhao*

Global Smartphones – Shipments at -10%/ +2%/ +2% YoY in 2026-28E. We cut our 2026-2028 global smartphone volume estimates by 1m/ 8m/ 0.2m to 1.14bn/ 1.16bn/ 1.18bn units, or -10%/ +2%/ +2% YoY, as saturated markets and rising memory costs weigh on consumer purchases. Conversely, we raise our market value TAM estimates by 5%/ 8%/ 8% to US$624bn/ US$655bn/ US$674bn over the same period, reflecting higher ASPs driven by a product mix upgrade toward premium devices priced above US$600. We expect this market premiumization to continue, alongside rising foldable phone penetration reaching 6.5% by 2028, while the mid-end segment shrinks amid a lack of revolutionary technology upgrades and more conservative middle-class consumption. *Allen Chang*

Shennan Circuits – mSAP PCB and IC Substrate Capacity Expansion Riding on Strong AI Demand – Buy. We raise our 12m TP to Rmb511 following strong 2Q26 results, where revenue of Rmb8.7bn beat our estimates by 15% due to rising AI PCB contributions and robust IC substrate growth. We revise up our 2026-2028 EPS estimates by 2%-4%, driven by higher revenue assumptions for 1.6T and above optical modules and a 0.2-0.9 ppt increase in gross margin forecasts reflecting a positive product mix upgrade. Management expects continued mSAP capacity expansion across its Wuxi and Nantong sites in 2027-2028, alongside the commencement of Phase 2 at the Guangzhou IC substrate factory in 4Q26, which we believe will sustain high utilization rates and drive further margin improvement. *Ting Song*

Fujian Wanchen Food – Contracted stores exceed 30k ahead of 2026E target – Buy. We reiterate Buy with a 12m TP of Rmb327 as Wanchen's contracted store count surpassed 30,000 in mid-September, tracking well ahead of our end-2026 expectation of 28,151 stores. We believe this accelerated expansion reflects healthy franchisee economics—featuring a two-year average payback period according to management—and substantial whitespace opportunities across underpenetrated lower-tier markets. Driven by rapid store rollouts and resilient same-store sales growth, we expect 2H26E value retailer sales and net profit growth of 49% and 59%, respectively, with net profit margins broadly stable half-over-half at 5.6%. This faster-than-expected execution reinforces our confidence in Wanchen's 2026 growth visibility and long-term compounding runway. *Leaf Liu*

Commodities | Metals

Commodities – Copper, Silver, PGMs: Tariff Uncertainty Likely to Persist. We continue to expect uncertainty around US critical minerals tariffs to persist, as the ambiguity itself may be serving the policy objective of supply security by encouraging domestic stockbuilding. Implementing tariffs remains unlikely in the near term, given that long project lead times and geological constraints would simply raise downstream consumer costs without meaningfully creating new domestic supply. However, the ongoing tariff risk continues to pull metal inventories into the US, reducing ex-US liquidity even if global inventories appear comfortable on paper. We expect much of this metal to remain trapped domestically, leaving available ex-US inventories tight and creating scope for renewed price volatility in copper, silver, and PGMs if investor demand recovers. *Lina Thomas*

Event | Leapmotor

Leapmotor – 2026 Technology & Investor Day Takeaways – Buy. We attended the company's tech day, where management unveiled the LEAP 5.0 architecture and announced a dual-brand strategy with a second brand debuting in 4Q27. We believe Leapmotor's full-stack in-house capabilities, including the new CTC 3.0 battery technology and a proprietary World Model for autonomous driving, remain its core competitive advantage for rapid, cost-efficient iterations. With an accelerated pipeline of seven new models slated for 2027, we expect the company to continue gaining market share across broader price segments and forecast a 48% revenue CAGR from 2025 to 2027. 12m TP of HK$55. *Tina Hou*

Asia Macro | Indonesia rates

Indonesia – BI holds at 5.75%, steps up liquidity and hedging support. Bank Indonesia kept its policy rate unchanged at 5.75% in September, in line with expectations, while adding "maintaining adequate rupiah liquidity" to its policy statement to signal a greater near-term emphasis on liquidity management. Policymakers also increased FX hedging discounts across multiple tenors to encourage foreign capital inflows. However, with the Fed expected to hike in October and regional high-yielders continuing to tighten, we see limited scope for sustained rupiah appreciation and maintain our forecast for two additional 25bp rate hikes in Q4 2026 and Q1 2027. *Chris Poh*

Around the world | MELI, Nu Holdings, Ceres Power

Brazil Internet – MELI Maintains Edge with Brazil Logistics Network. We believe MercadoLibre maintains a strong competitive moat in Brazilian e-commerce logistics, operating the largest and most vertically integrated network with over 55% fulfillment penetration to lead peers like Amazon and Shopee in delivery speed. As tight logistics real estate and robust volume growth create capacity bottlenecks, we expect the company's aggressive expansion to 42 fulfillment centers by year-end and deployment of warehouse automation will drive necessary cost efficiencies. We see the next phase of competition shifting toward Quick Commerce, positioning the platform to break into underpenetrated grocery and drugstore categories aided by recent favorable regulatory changes. We remain Buy-rated on MercadoLibre. *Irma Sgarz*

Nu Holdings – US Expansion Offers Significant Earnings Upside – Buy. We reiterate our Buy rating and 12m TP of $23 as the company expands into the $1.5 trillion US consumer credit market, a structural opportunity seven times larger than Brazil. We conservatively estimate that capturing just a 2% market share in US credit cards and

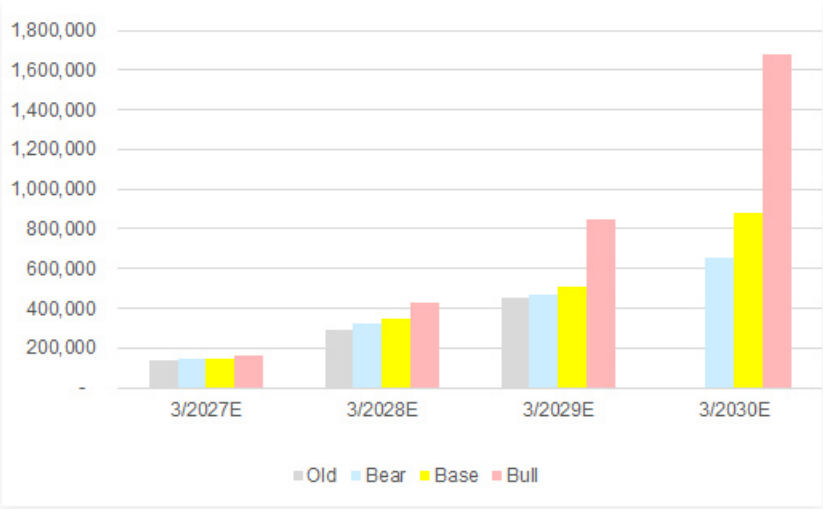
personal loans could boost earnings by roughly $0.5 billion, driven by an ultra-low cost digital approach and an initial focus on underserved Hispanic and sub-prime demographics. While our current estimates factor in the initial marketing and efficiency costs of global expansion, we have not yet included any potential US revenue upside, providing a compelling risk profile despite a highly competitive banking landscape. *Tito Labarta*

Ceres Power – AI data-center demand driving commercial momentum – Buy (on CL). We lower our 12m TP to 915p following 1H26 results that were broadly in line with expectations, alongside management's confidence in securing and recognizing revenue from a new manufacturing license agreement in FY26. We revise our 2026/2027/2028E EPS estimates to GBP -1.92/-0.09/7.89 from GBP 4.11/1.86/10.1 to reflect lower gross margins driven by a less favorable revenue mix. We view the company's scalable, asset-light licensing model as well-positioned to benefit from accelerating fuel cell adoption, driven by rising AI data-center power loads and the need for resilient, behind-the-meter solutions. Commercial momentum remains strong across the partner ecosystem, supporting a credible path to capacity expansion and mass manufacturing royalties by the end of the decade. *Michele Della Vigna*

SUSTAIN | HK Green Week

GS SUSTAIN – HK Green Week Takeaway & First Five-Year Plan Read-Across. We see a multi-year Reliability investment cycle unfolding as geopolitical fragmentation, extreme climate events, and energy security concerns drive a global shift from supply-chain efficiency toward structural resilience and redundancy. Our takeaways from Hong Kong Green Week and the city's First Five-Year Plan reinforce this trend, highlighting elevated corporate and policy focus on climate adaptation, grid modernization, and high value-added supply chain management. We expect these developments to create favorable tailwinds for companies exposed to power and water infrastructure, critical materials, resource efficiency, and cybersecurity, while physical climate risks like a potential Super El Niño underscore the growing need for agricultural resiliency. Consequently, we highlight 24 APAC Buy-rated stocks levered to this reliability theme as key beneficiaries of ongoing redundancy-building investments. *Xavier Zhang*

Graphic language | Panasonic: BBU Adjusted OP forecast by scenario, Old vs New (in mn JPY)



Source: Goldman Sachs Global Investment Research

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GS Events (Home Page here)

- **Asia Healthcare CDMO Day | Singapore |** 23-25 Sep
- **Vietnam Corporate Day | Singapore** | 5-6 Oct
- **APAC Healthcare Corporate Day 2026 - Part I | Hong Kong** | 3-6 Nov
- **Japan Conference | Tokyo |** 30 Nov - 4 Dec