The 720: CATL & China Battery sector, Global Market Views, Kioxia, City Devs, Eternal, Indigo, Yokohama Rubber, Yili, Samsung Bio

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In Focus | CATL & China Battery sector

CATL – Defending the Moat Amid EV and ESS Debates – Buy. We view the recent 36% share pullback as an attractive entry point, as current levels overly discount market concerns around automaker battery diversification and domestic energy storage system (ESS) demand. We believe the EV battery moat remains intact, as historical OEM in-house production attempts have struggled with high capital intensity, while strong consumer brand preference continues to drive CATL's global market share gains. Furthermore, we attribute sluggish first-half domestic ESS installations to seasonality rather than demand weakness, pointing to robust project tendering, upcoming policy rollouts, and a favorable mix shift toward higher-value ex-China markets. We maintain our 12m TPs of HK$947 and Rmb565. *Nick Zheng*

China Battery – Trends, Takeaways and Views Post 1H26/2Q26 Results. We review 1H26/2Q26 results for the China battery sector, where robust overseas energy storage systems (ESS) demand and EV exports continue to drive volume outperformance. We lower our 2027-28 EPS forecasts for Tier-2/3 manufacturers on more conservative margin assumptions driven by upcoming capacity ramp-up costs, adverse mix shifts, and weaker pricing power, leading us to cut our 12m TPs by 8-31%. Although first-half margins faced year-over-year pressure from delayed raw-material pass-through and lower export rebates, we expect sequential improvement in the second half as industry capacity controls tighten and ESS order visibility extends well into 2027. We maintain CATL as our top Buy given its scale and transition to integrated energy solutions, keep our Buy rating on Zenergy, and retain our Sells on Gotion and Farasis. *Nick Zheng*

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Global Refining Super Cycle: A System Stretched for Longer | 4pm HK | Access Webinar | with Nikhil Bhandari, Michael Snaith

Global Market Views | More paths to relief

Global Market Views – More Paths to Relief. We believe the macro risks that dominated the summer across rates, energy, and AI are now better priced, shifting the asymmetry toward a more constructive outlook for risk assets. With markets currently pricing in nearly five cumulative rate hikes for the ECB and Fed—well above our central forecast of two to three moves—we see a clearer short-term runway for equities heading into a de-rated third-quarter earnings season. We favor positioning

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for equity upside through protected options, and in FX, we anticipate contained US Dollar drift, room for Japanese Yen strength on constructive domestic policy shifts, and gradual Chinese Renminbi appreciation. *Kamakshya Trivedi, Dominic Wilson*

Event | Kioxia

Kioxia – Kitakami plant tour highlights investment efficiency – Buy. We reiterate our Buy rating and ¥116,000 12m TP following a tour of the Kitakami plant, which deepened our understanding of the company's initiatives to maximize investment and production efficiency. We expect these improvements, alongside a phased transition to advanced BiCS 8 and BiCS 10 products utilizing expanded automated facilities, to drive stronger profit margins over the medium term. We forecast 2Q3/27 operating profits of ¥1.98 tn, tracking above management's guidance of ¥1.89 tn, underpinned by a persistently tight NAND supply/demand balance and expectations for robust shareholder returns. *Shuhei Nakamura*

Themes in Play | City Devs, Eternal, Indigo, Yokohama Rubber, Yili

City Developments – Well-thought-out and accountable strategic review – Buy. We view the newly unveiled 2027–2029 strategic review positively, as it sets clear targets to address investor concerns with S$6b in planned divestments and an aim to lower net gearing to c.55% by FY29. We see the targeted S$1.8b hotel divestment as a key near-term catalyst given the prime location, low carrying values, and management's track record of crystallizing significant gains. Successful execution of this roadmap could drive higher RNAV, significantly lift the dividend yield to an implied average of >4.6% versus our 3.0% estimate, and meaningfully improve the balance sheet. 12m TP of S$9.7. *Xuan Tan*

Eternal – Increasing Probability of Delivering US$1bn EBITDA by FY29 – Buy. We remain Buy-rated and raise our 12m TP to Rs385 (from Rs345) as we see greater visibility into the company's US$1 bn FY29 EBITDA guidance alongside early signs of market share gains in food delivery. Incorporating high-frequency data trends ahead of 2QFY27 results, we raise our FY27–FY30 revenue estimates by 1% and adjusted EBITDA by 2%–5%. We expect robust growth to continue, forecasting 17% quarter-on-quarter NOV growth for Blinkit and stable food delivery momentum, which should drive absolute EBITDA expansion to Rs6.8 bn despite elevated quick commerce competition. *Manish Adukia*

InterGlobe – Near-term fuel headwinds offset by sustained high yields – Buy. We expect consistent market share gains and sticky high yields to drive significant medium-term profitability for Indigo. We revise up our 2QFY27 jet fuel cost estimate to Rs150/litre, which drives an expected PBT loss of Rs7bn for the quarter, though our FY27/FY28/FY29 EBITDAR estimates change only marginally by +3%/0%/+1%. Looking ahead, we expect industry capacity additions to remain modest given the liquidity challenges faced by the second-largest player, supporting elevated passenger yields. Consequently, we project the company's RASK-CASK margin to nearly double in FY28 as price discipline continues and fuel prices moderate. 12m TP of Rs5,900. *Saurabh Kundan*

Yokohama Rubber – Leveraging China cost advantages for export growth – Buy. We raise our 12m TP to ¥10,000 from ¥9,500 and increase our FY27–FY28 business profit estimates by 2%–5%, moving 9%–13% above consensus, to reflect the larger-than-expected cost advantages of the new China super tire plant. We expect this

highly efficient manufacturing model, which is also being horizontally deployed to Mexico, to serve as a unique profit growth driver through low-cost conversion. Furthermore, the company is capturing new business from Chinese automakers' export models, guiding for its sales mix to these OEMs to expand rapidly to 24% in 2026 from zero in 2023. We view the upcoming February medium-term plan as a key catalyst for a share price rerating through clarified profitability measures and capital allocation targets. *Kota Yuzawa*

Yili Industrial – Liquid milk recovery and margin stability – Buy. Following our call with management, we reiterate our Buy rating with a 12m TP of Rmb37 as we see a gradually improving operating setup into 2027. Management expects liquid milk revenue growth to accelerate in 4Q26 and into 2027 on stabilizing consumption and healthier channel inventories, while anticipating a milder raw milk upcycle that will limit margin pressure. Furthermore, the company continues to gain market share in infant milk formula, targets double-digit growth in adult nutrition, and remains committed to a payout ratio of at least 75% through 2027 alongside regular share repurchases. *Leaf Liu*

GS Events | Samsung Biologics

Samsung Biologics – Asia Healthcare CDMO Day: Announcement of client orders and plant 6 capex as key catalysts to watch – Buy. Management highlighted the company's core competitive advantage in speed-to-market, driven by a build-ahead capacity strategy. Key near-term catalysts include the formal announcement of Plant 6 and associated capex expected within 2026, alongside continued order momentum fueled by secular biologic outsourcing demand and supply chain diversification. Furthermore, management noted a strong recovery in commercial contract negotiations following recent tariff exemptions and reiterated their commitment to maintaining operating margins in the mid-40% range as they execute on strategic expansions across capacity, modality, and geography. 12m TP *of* W2,000,000. *Chris Pan*

EM Macro | Navigating the storm

EM Macro Navigator – Weathering the Storm. We argue that emerging market economies continue to perform surprisingly well despite headwinds from volatile energy prices and rising G4 bond yields, with aggregate EM growth running slightly above potential. While energy risks remain uncertain, we believe fixed income markets have overestimated inflation risks and are pricing in too much monetary tightening, as EM inflation stays remarkably contained due to negative output gaps, forceful government interventions, and resilient currencies. We expect further gains in EM equities into year-end supported by solid earnings momentum, keeping our Overweight stance on Brazil, South Africa, Greece, Hungary, China A, and Korea. Within rates and FX, we favor frontier currencies offering attractive carry, remaining cautious on outright local rate longs outside of select policy-driven opportunities in Hungary and Brazil. *Andrew Tilton*

China Macro | Modest easing

China Macro – Premier Li Pledges Incremental, Modest Easing to Meet the Full-Year Growth Target. We expect targeted and measured easing—primarily through fiscal and credit channels—rather than broad-based stimulus following Premier Li's pledge to launch incremental policy measures to meet full-year targets. With domestic growth momentum remaining subdued and delayed policy implementation, we recently lowered our 2026 full-year real GDP growth forecast by 10bp to 4.5% and expect Q3 real GDP

growth to remain below target at 4.4% yoy. In the coming weeks, we expect the MOF to approve an additional RMB500bn or more in local government bond issuance quotas and the PBOC to modestly increase its relending quotas for technological innovation and small businesses. We maintain our baseline forecast of no policy rate cuts for the remainder of 2026 given narrow bank net interest margins, noting that pressure on local government finances from off-budget channels will likely limit incremental easing to moderate measures. *Lisheng Wang*

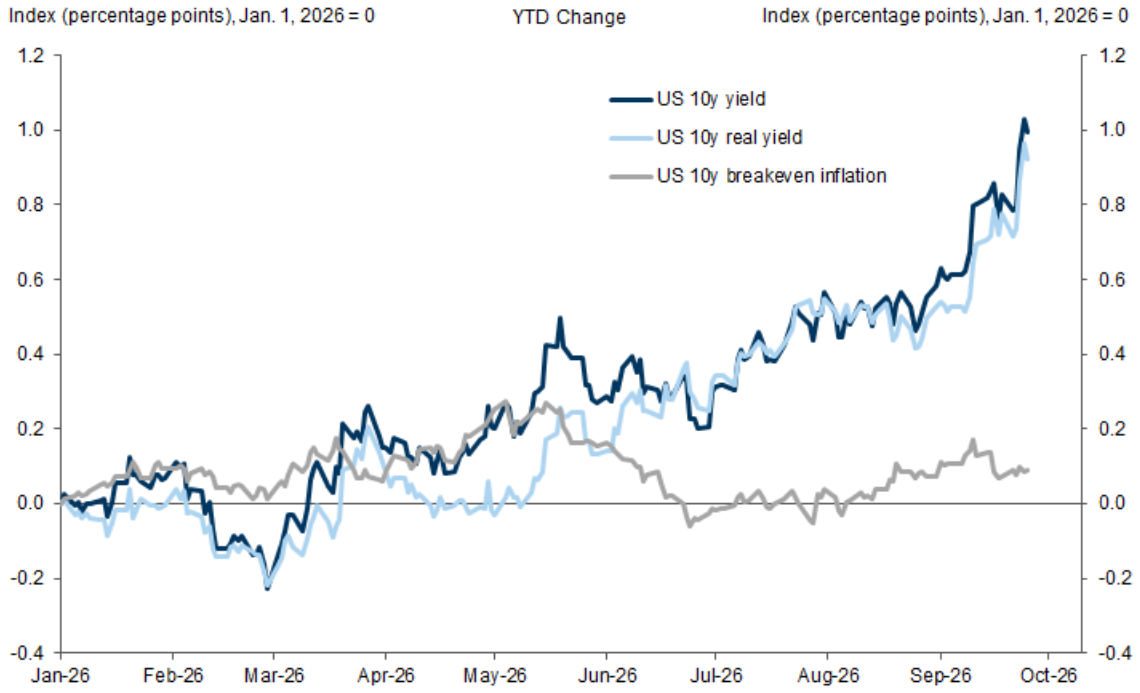
Around the world | Cross Asset Strategy, ASM International

Global Cross Asset Strategy – Benchmarking cross-asset performance to continued rates repricing. We maintain our 3-month tactically Neutral and 12-month modestly pro-risk cross-asset allocation (Overweight equities, Neutral bonds/commodities/cash, Underweight credit) as market focus remains on higher rates with the US 10-year yield reaching 5.25%. While rising real rates have driven sharp drawdowns in sensitive segments like real estate, utilities, and small caps, large-cap tech has continued to outperform its beta-implied returns on secular AI tailwinds. Upward pressure on real rates has led us to upgrade our Japanese Yen forecasts reflecting a more hawkish BoJ stance, and lower our 2026 Gold target to $4,650/toz. As the clearest path to equity upside relies on rates relief, we highlight call options on rate-sensitive equities and equity-down/rates-up hybrids as efficient portfolio hedges. *Christian Mueller-Glissmann*

ASM International – US Roadshow Highlights Strong 1.4nm and Memory Demand – Buy. Following a US investor roadshow, we reiterate our 12m TP of €955 as management noted that leading-edge Logic demand, underpinned by the 1.4nm transition, remains a major industry investment driver through 2027/28. Management believes memory content growth remains intact despite a delayed $4F^2$ DRAM transition, with ALD and Epitaxy intensity increasing as enabling technologies are introduced within extended $6F^2$ generations. Additionally, near-term China demand remains healthy and broad-based, while disciplined value-based pricing and operating leverage are expected to support margin expansion alongside prioritized R&D investments. *Alexander Duval*

Graphic language | Global Markets – The move up in US long rates mostly reflects 'real' rate pressures driven by competition for capital and resilient growth





Source: Bloomberg, Goldman Sachs Global Investment Research

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GS Events (Home Page here)

- **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