The 720: Yum China, Asia Refining, LGES, Mengniu Dairy, Luckin Coffee, Asia Healthcare Day, Solar Industries, AMD

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In Focus | Yum China

Yum China – Profit prioritized amid fluid consumption – Buy (on CL). We maintain our Buy (on CL) with unchanged 12m TPs of US$60/HK$467 following mixed 3Q26 results, as management targets sequential same-store sales growth improvement in 4Q26 despite a volatile consumption backdrop. Our 2026-2028 earnings forecasts remain largely unchanged, reflecting faster store expansion—with the FY26 net opening target raised to over 2,400—offset by slower revenue per store growth. Management expects operating margins to stay broadly stable year-over-year into 4Q26, supported by moderating rider-cost pressures, structural productivity savings, and an additional 50-60bp boost from Pizza Hut licensing fee savings. We believe continuous efficiency gains, strong execution in new initiatives like KCOFFEE and Burger Bar, and high visibility on the US$1.5bn 2026 shareholder return target will continue to support earnings resilience. *Michelle Cheng*

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China in Motion: Consumer | 10am HK | Key Takeaways from Earnings | Access Webinar | with Michelle Cheng & Valerie Zhou (in Mandarin)

Themes in Play | AI Financing, Asia Refining

Global Credit – Framing Off-Balance-Sheet Liabilities in the AI Ecosystem. We see debt financing playing a crucial role in the AI buildout as hyperscalers' free cash flow turns negative, driving their year-to-date direct debt issuance to $271 billion and already surpassing our $250 billion full-year 2026 forecast. Beyond direct debt, we track a massive expansion in off-balance-sheet obligations, including $1.7 trillion in hyperscaler lease commitments and an estimated $1.9 trillion in unconditional purchase commitments that represent a significant, fast-growing use of cash. With rating agencies increasingly scrutinizing these liabilities and narrowing the margin for error, we believe evidence of AI monetization by 2028 is critical to mitigating downward pressure on debt ratings across the ecosystem. As syndicated credit capacity becomes saturated, we expect private markets to assume a much larger role in funding this multi-year investment cycle. *Amanda Lynam*

Asia Refining – Robust 2027 margins even in near-term de-escalation scenarios; Buy S-Oil (on CL) and Thai Oil. We believe global refining fundamentals will remain tight next year, with our updated modeling pointing to a 2027E average Singapore gross refining margin of US$19/bbl even under an accelerated geopolitical de-escalation

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scenario, well above the US$10/bbl mid-cycle level. While early outage normalization could add 1.1 mb/d to 2027 refined product balances, product inventory builds remain constrained, providing fundamental support to crack spreads. Following the recent sector pullback, we highlight our Buy ratings on pure-play refiners S-Oil (on CL, 12m TP W210,000) and Thai Oil (12m TP Bt80), driven by robust cash flow generation as both exit peak capex cycles and advantageous exposure to middle distillates. S-Oil remains our top pick due to its strong operating leverage, offering an estimated 22% to 38% FY27E free cash flow yield depending on the supply normalization timeline. *Nikhil Bhandari*

New | China Airlines, Varmora Granito

China Transportation – Airlines: Higher jet fuel to weigh for longer. We turn more conservative on the Chinese airlines sector and cut 2026-28E earnings across our coverage by 7%-161%, driven by our higher jet fuel price forecasts (US$144/120/100 per bbl for 2026-28E) and rising maintenance costs from aging fleets. With airlines absorbing most fuel cost increases to sustain passenger traffic growth, we downgrade Air China A/H and China Southern Airlines A/H to Sell, and China Eastern Airlines A/H to Neutral. We maintain Buy on our preferred pick Spring Airlines, as its stronger cost control, younger fleet, and lower earnings sensitivity to fuel prices position it best to navigate these headwinds. *Herbert Lu*

Varmora Granito – Premium tile mix and East India expansion fairly valued – Neutral. We initiate coverage with a 12m TP of Rs126, viewing the stock's current valuation as fairly reflecting our expectations for a +16% EBITDA CAGR over FY26-FY29E. We forecast an 8% annualized revenue growth over the same period, supported by an EBITDA margin expansion from 11.3% in FY26 to 13.8% in FY29E driven by an improving mix of premium Glazed Vitrified Tiles and post-IPO deleveraging. However, we anticipate near-term startup costs from unproven Integrated Stone Technology and upcoming East India capacity, alongside limited pricing power and demand headwinds from a hawkish interest rate environment. *Chandramouli Muthiah*

GS NDRs | Mengniu Dairy, Haitian F&F

Mengniu Dairy – C-Suite NDR Highlights 2027 Growth Visibility and Margin Expansion – Buy. Following a C-Suite NDR, we maintain our 12m TP of HK$25 as management reiterated confidence in achieving mid-single-digit liquid milk sales growth and a 30-50bps core OPM expansion target in 2027. We remain constructive on the company's long-term upside, driven by rapid expansion in emerging channels and a compounding solid-dairy business targeted to reach Rmb30bn in sales within three to four years. Management expects margin resilience to be supported by efficiency gains, improving product mix, and lower dry powder impairment losses, which should effectively offset anticipated raw milk price increases as industry supply tightens. Growth visibility is further underpinned by long-term optionality in deep processing and enhancing shareholder returns through target dividend growth and accelerated share buybacks. *Leaf Liu*

Haitian Flavouring & Food – NDR takeaways on near-term headwinds and long-term growth. We remain cautious on continued near-term headwinds from weak catering demand and raw material cost inflation, which are expected to pressure gross margins into the fourth quarter. Management notes they are currently prioritizing volume and

market-share gains over price hikes, successfully delivering 4% sales growth in the first nine months despite broader industry weakness. Over the longer term, we see structural growth opportunities driven by business-to-business expansion, health-oriented products, and overseas synergies from the Amoy acquisition, with 12m TPs of Rmb31 for the A-shares and HK$32.8 for the H-shares. *Leaf Liu*

Results | LGES, Luckin Coffee, Aier Eye Hospital, Bharat Electronics, Solar Industries

LG Energy Solution – ESS to support utilization rate recovery ahead – Buy. We lower our 12m TP to W470,000 and trim our 2026 and 2027 EBITDA estimates by 6% and 3% to reflect a softer fourth-quarter profitability outlook and lower EV battery margins next year. Despite near-term margin pressure from Honda joint venture start-up costs and the drop-out of one-off customer compensations, management expects steady revenue growth driven by a robust Energy Storage System (ESS) backlog and strong order momentum for new 46-series cylindrical cells. We remain constructive on the company's widening global technology leadership and see a clear path to utilization rate recovery, which we estimate will rise from 47% in 2026 to 65% in 2028 as capital expenditures continue to decline. *Nikhil Bhandari*

Luckin Coffee – 3Q Profit Beat and New Buyback Program – Buy. We reiterate our US$51 12m TP following a solid 3Q26 beat, where non-GAAP net profit grew 49% year-over-year to Rmb2,123mn, coming in 13% above our estimates. The earnings outperformance was driven by margin expansion from a lower delivery cost ratio as the order mix shifted toward self-pickup, alongside the announcement of a new US$500mn share repurchase program. Although same-store sales declined 11% year-over-year due to a high base and delivery subsidy reductions, management noted the decline narrowed progressively through September, prompting us to raise our 2026-28E non-GAAP net profit forecasts by 0-4%. *Michelle Cheng*

Aier Eye Hospital – Resilient 3Q26 growth and overseas expansion – Buy. We lower our 12m TP to Rmb12 from Rmb13 following 3Q26 results, where underlying operations remained stable despite a 9.8% yoy decline in recurring net profit to Rmb973mn due to non-operating factors. Revenue growth accelerated to 7.1% yoy, and management noted that excluding goodwill impairments and fair value changes, earnings would have increased by nearly 7% yoy. While the recent consolidation of a Brazilian ophthalmology group adds near-term financial pressure, we expect domestic organic growth, service upgrades, and long-term international expansion to drive future performance. *Chris Pan*

Solar Industries – Q2FY27 Strong Beat and Raising Defense Scale – Buy. We maintain our Buy rating and 12m TP of INR 26,550 on Solar Industries following Q2FY27 results that beat our estimates across all key parameters, highlighted by revenue of INR 35.2bn (+69% YoY) and EBITDA of INR 10.1bn (+82% YoY). The outperformance was driven by record revenues in the Defense and International segments, with Defense crossing INR 10bn for the first time, which propelled EBITDA margin expansion to 28.6% (+203bps YoY) despite a volatile Ammonium Nitrate pricing environment. Management is confident of surpassing its INR 140bn FY27 revenue guidance, supported by a robust INR 201.8bn overall order book and a planned ~INR 120bn capex program to scale the high-margin defense business. *Amit Dixit*

Bharat Electronics – Q2 beat with positive drone commentary, but H2 order catch-up needed – Buy. We remain constructive following a strong Q2 performance that beat our

and consensus expectations, with revenue growing 27% YoY to INR 73.3bn and EBITDA margins reaching 27.9% versus our 26.5% estimate. Management retained its FY27 guidance of 15% revenue growth and 27-29% margins, which we see limited risk to given robust first-half execution and an existing INR 687bn order backlog. However, order inflows remain a key monitorable after a 30% YoY decline in Q2, requiring a significant H2 catch-up in large-ticket defense programs like QRSAM to achieve the reiterated INR 550bn annual target. Progress on the Hammer platform and drones provided a positive surprise not yet included in our estimates, and we maintain our 12m TP of INR 445. *Amit Dixit*

Asia Healthcare Corp Day | Innovent, Wuxi XDC, InnoCare, SBP Group, Hansoh Pharma

Innovent Biologics – Asia Healthcare Corporate Day: Data-driven 1L exploration for IBI363 and reaffirmed Vision 2030 targets – Buy. Management highlighted that IBI363's first-line expansion in NSCLC will be strictly data-driven, while reiterating confidence in achieving Vision 2030 targets of Rmb8-10bn net profit and a 20-25% reported net profit margin. The ongoing randomized controlled trial for IBI363 will serve as the crucial data point for global phase 3 decision-making, with preliminary progression-free survival data viewed as supportive alongside a manageable safety profile. Furthermore, management expects sustained sales momentum into 2027 driven by a broader portfolio, particularly emphasizing a Rmb20+bn GLP-1 market in China where mazdutide is positioned to capitalize on its first-mover advantage against incoming competition. 12m TP of HK$122.28. *Ziyi Chen*

WuXi XDC – Asia Healthcare Corporate Day: Strong Order Momentum and Commercial Focus – Buy. Management indicated that new-project momentum remained strong in 3Q26, sustaining the 1H26 pace and supporting confidence in achieving full-year consolidated revenue growth guidance of over 40%. While the Singapore site has started delivering its first batches for US customers, management expects its early ramp-up to present a 2-3% headwind to 2027 group gross margins due to higher depreciation. Importantly, upcoming BLA filings, PPQ execution, and FDA inspections are expected to build the regulatory track record needed to drive more meaningful commercial order contributions from 2027 onward. 12m TP of HK$100.5. *Ziyi Chen*

InnoCare Pharma – Corporate Day highlights differentiated immunology R&D – Buy. Management reiterated confidence in achieving approximately 35% product-sales growth in 2026, driven by continued orelabrutinib volume gains and broader lower-tier city coverage. We see significant incremental upside in the company's evolving innovation engine, with next-generation immunology R&D targeting complex autoimmune diseases through differentiated approaches like dual-pathway inhibition. Furthermore, the global advancement of mesutoclax and the strategic early-discovery collaboration with Lilly provide external validation of InnoCare's molecular-design capabilities. Our 12m TPs are HK$23.16 and Rmb38.68 for the H and A shares, respectively. *Ziyi Chen*

SBP Group – Double-digit growth intact. Management remains confident in double-digit revenue and over 20% innovative-drug growth for 2026 and 2027, supported by new product launches and an expected SG&A ratio decline to c.35% for FY26. The company targets a new business development deal by year-end 2026, highlighting the AI-discovered TRD205 as an emerging candidate targeting the global chronic-pain

market. Additionally, management expects the potential mid-2027 biosimilar VBP implementation to be manageable, noting the profit impact should be smaller than the headline revenue impact due to associated high selling expenses. We carry a 12m TP of HK$9.07. *Ziyi Chen*

Hansoh Pharma – Advancing toward a 30-product innovation portfolio by 2030 – Buy. Management maintained its FY26 double-digit revenue growth guidance at the Asia Healthcare Corporate Day, driven by rapid sales growth across existing innovative products and five new approvals expected in 2027. Pipeline advancement remains a key growth driver, highlighted by BLAs under review for two indications of its B7-H3 ADC and an injectable GLP-1/GIP expected to launch in 2027. The company reiterated its long-term ambition to reach 30 marketed innovative drugs by 2030, which includes expanding its core Ameile franchise toward a potential Rmb10bn sales target using future combination strategies. We maintain our 12m TP of HK$52.7. *Ziyi Chen*

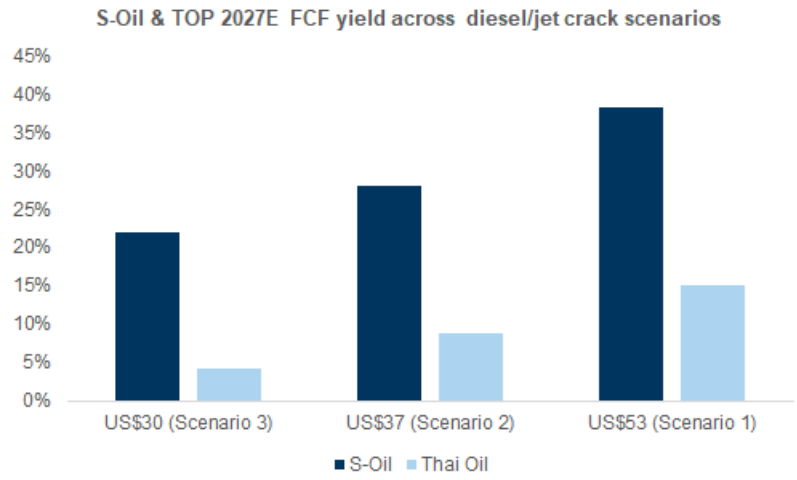
Around the World | Apple, AMD, GE Vernova

Apple – Strong iPhone Refresh Offset by Cost Headwinds – Buy. We lower our 12m TP to $380 from $390 and cut F2027-2029 EPS estimates by 2% on average following Apple's F4Q26 EPS beat of $2.10, as strong iPhone and Mac revenues were offset by weaker F1Q27 gross margin guidance of 45-46% (vs consensus 46.6%). F1Q27 revenue guidance of 7-10% year-over-year growth topped consensus, demonstrating durable product momentum underpinned by an AI-driven iPhone upgrade cycle and Mac market share gains despite ongoing supply constraints. However, Services revenue growth is expected to decelerate to 8-9% due to App Store and third-party licensing headwinds, while gross margins face multi-quarter compression from rising memory and server-side AI inference costs. We remain constructive on the critical iPhone refresh cycle and secular ecosystem strength offsetting these near-term margin overhangs. *Michael Ng*

Advanced Micro Devices – Solid Quarter With Better Guidance Driven by Datacenter – Buy. We expect the stock to trade higher following strong quarterly results and Q4 guidance that beat Street estimates, particularly as investor expectations had been lowered significantly following Intel's recent weak outlook. AMD reported revenue of $13.4 bn and non-GAAP EPS of $2.09, beating consensus on continued Datacenter strength, while guiding Q4 revenue to $17.0 bn and implied EPS to $2.92. Moving forward, we expect investor focus to center on the MI450 ramp at key customer accounts, visibility into sustainable 2027 Server CPU growth, gross margin trends, and the broader PC demand environment, underpinning our 12m TP of $700. *James Schneider*

GE Vernova – Incrementally positive on long-term earnings power – Buy. Following investor meetings, we come away with greater confidence in the duration of the Gas cycle and the margin embedded in the Power backlog. Management noted that the Power segment is meaningfully under-earning, with stronger equipment pricing booked since 2024 starting to flow through financials on a two-to-three-year lag, alongside a multi-year margin tailwind from Services. Additionally, the proposed Trench acquisition offers further upside from revenue synergies and geographic expansion, while the spring Investor Day serves as a key catalyst as management is expected to roll its financial framework to 2030. We maintain our 12m TP of $1,176. *Joe Ritchie*

Graphic language | Asia Refining - Buy S-Oil (on CL) and Thai Oil



Priced as of 3 Nov 2026.
Source: Goldman Sachs Global Investment Research

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GS Events (Home Page here)

- **China Next-Gen Power & Mobility Day | Shenzhen** | 2-4 Nov
- **APAC Healthcare Corporate Day 2026 - Part I | Hong Kong** | 3-6 Nov
- **Korea KRX Kosdaq Corporate Day | Hong Kong & Singapore** | 24-25 Nov
- **India Corporate Day | Hong Kong** | 30 Nov - 1 Dec
- **Japan Conference | Tokyo |** 30 Nov - 4 Dec