EQUITY RESEARCH

Desay SV (002920 CH)

Deepening Deployment in Automotive Intelligence

31 March 2026

China | Automobile Components | Company Report

Company profile

Desay SV, established in 1986, is a leading company in the automotive electronics field, with its main products including intelligent cockpits, intelligent driving, and connected services.

Investment Summary

Sequential Improvement in Q4, Full-Year Results Up by Over 20%

In 2025, the Company reported revenue/net profit attributable to the parent company/net profit attributable to the parent company excluding non-recurring items of RMB32,557 million/RMB2,454 million/RMB2,414 million (RMB, the same below), respectively, up 17.88%/22.38%/24.05% yoy. Gross margin was 19.07%, down 0.81 ppts yoy. Net cash flow generated from operating activities reached RMB2.88 billion, up +93.1% yoy. In 2025 Q4, the Company reported quarterly revenue/net profit attributable to the parent company/net profit attributable to the parent company excluding non-recurring items of RMB10,221 million/RMB666 million/RMB690 million, respectively, up 18.25%/11.34%/38.71% yoy and 32.87%/17.82%/20.72% qoq. The sequential recovery in Q4 results was mainly driven by qoq growth in sales volume from key customers such as Geely, Xiaomi and Li Auto.

Deepening Deployment in Automotive Intelligence

Benefiting from the continued increase in penetration of automotive intelligent products and the significant rise in intelligent value per vehicle, the core business segments achieved strong growth in results. 1) Smart cockpit: Full-year revenue reached RMB20,585 million. Annualised sales of new project orders exceeded RMB20 billion. The Company continued to secure new project orders from major domestic and international OEMs, including Chery Automobile, Geely Auto, GAC Toyota, Li Auto, Great Wall Motor, Xiaomi Auto, XPeng Motors, Changan Automobile, VOLKSWAGEN, MERCEDES-BENZ and SKODA. 2) Intelligent driving: Full-year revenue reached RMB9.7 billion, up 32.63% yoy. Annualised sales of new project orders exceeded RMB13 billion. With the rapid adoption of intelligent driving technologies, the accelerated commercialisation of advanced functions such as urban NOA is expected to further drive high-speed growth in the Company's intelligent driving business. 3) Connected services: The Company's self-developed "Blue Whale" ecosystem achieved major breakthroughs during the reporting period. Based on AIOS, the Company comprehensively upgraded the cockpit intelligent software foundation, enabling full-stack decoupling of software and hardware and flexible adaptation across different hardware platforms and large models. It possesses full-stack AI capabilities ranging from large-model algorithms and AIOS middleware to Agent development, providing a robust full-stack software solution for the development of the AI cockpit software ecosystem.

Focus on R&D, Expansion into Innovative Businesses

The Company has consistently maintained a high level of R&D investment. In 2025, R&D expenditure reached RMB2,637 million, accounting for 8.10% of revenue. R&D personnel represented 42.40% of the Company's total workforce. The Company has established R&D centres in Singapore, Germany, Japan, and across China in Nanjing, Chengdu, Shanghai, Shenzhen, Guangzhou, Beijing, Taiwan and Changsha, ensuring sustained technological leadership and a leading position in the industry.

Accumulate (Downgrade)

CMP CNY 105

(Closing price as at 30 December 2026)

TARGET CNY 121 (+15.24%)

COMPANY DATA

O/S SHARES (MN) :	596.81
MARKET CAP (CNY MN) :	62665
52 - WK HI/LO (CNY):	154.17/89.9

SHARE HOLDING PATTERN, %

Guangdong Desay Group	26.32
Huizhou Chuangxin Touzi Ltd	20.16

PRICE VS. SHCOMP

Source: Phillip Securities (HK) Research

KEY FINANCIALS

CNY mn	FY25	FY26E	FY27E	FY28E
Net Sales	**32557**	**38545**	**44907**	**52548**
Net Profit	2454	2773	3282	3883
EPS, CNY	4.10	4.65	5.50	6.51
P/E, x	25.6	22.6	19.1	16.1
BVPS, CNY	25.83	30.43	35.89	42.31
P/BV, x	4.1	3.5	2.9	2.5
DPS (CNY)	1.25	1.41	1.70	2.00
Div. Yield (%)	1.2%	1.3%	1.6%	1.9%

Source: Company reports, Phillip Securities Est.

Research Analyst
ZhangJing (+ 86 21-63512939)
zhangjing@phillip.com.cn

In terms of innovative businesses, the Company officially launched the “Chuanxing Zhiyuan” low-speed autonomous vehicle brand, expanding into a new track in last-mile logistics. Meanwhile, the Company continues to deepen industrial synergy in frontier intelligent fields, advancing in-depth cooperation and implementation with multiple embodied intelligence enterprises. It has also successfully secured designated orders for robot domain controller projects, with related products planned to achieve mass production and delivery in 2026.

Steady Progress in Internationalisation Strategy

In 2025, the Company’s overseas revenue increased by 41.12% to RMB2.41 billion, with its contribution rising to 7.40%, up 1.22 ppts yoy. The gross margin of overseas business was higher than that of the domestic market. In 2025, overseas gross margin reached 27.28%, up 1.34 ppts yoy and approximately 9 ppts higher than the domestic gross margin in the same period. As the internationalisation strategy continues to advance steadily, the Mexico and Indonesia plants commenced operations in 2025, while the Spain plant is expected to begin operations this year. The expansion of overseas production capacity will provide strong support for profit growth.

Investment Thesis

The Company is a leader in the automotive electronics sector. Benefiting from ongoing industry development and sustained R&D investment, it maintains a technological leadership advantage while actively exploring new business opportunities. We remain firmly optimistic about the Company’s long-term development prospects.

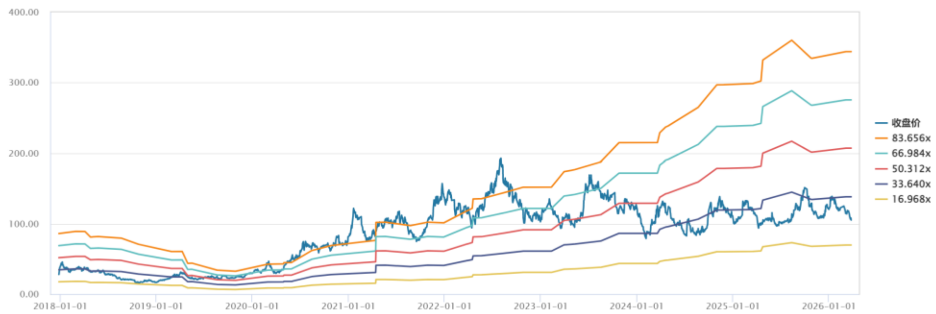
As for valuation, we expected diluted EPS of the Company to RMB 4.65/5.50/6.51 of 2026/2027/2028. And we accordingly gave the target price to RMB121, respectively 26/22/19x P/E for 2026/2027/2028. "Accumulate" rating. (Closing price as at 30 December 2026)

Peer Comparison

Code	Name	Market Cap-bn	PE			PB(MRQ)
			TTM	26E	27E	
603596.SH	Bethel	27	20	19	15	4
002920.SZ	Desay SV	63	26	21	17	4
601689.SH	Tuopu	101	36	29	23	4
603786.SH	Entdict	22	27	23	18	4
AVERAGE		53.25	27.25	23	18.25	4
MEDIUM		45	26.5	22	17.5	4

Source: Wind, Phillip Securities Hong Kong Research

PE BAND



Source: Wind, Phillip Securities Hong Kong Research

Risk

Progress of new production line is below expectations
Electric vehicle sales fall short of expectations
Macroeconomic downturn affects product demand
Sharply rising raw material prices or sharply falling product prices

Financials

FYE DEC	FY24	FY25	FY26E	FY27E	F
Valuation Ratios					
P/E (X), adj.	29.0	25.6	22.6	19.1	16.1
P/B (X)	6.0	4.1	3.5	2.9	2.5
Dividend payout ratio(%)	33.1%	30.5%	30.3%	30.9%	30.7%
Dividend Yield (%)	1.1%	1.2%	1.3%	1.6%	1.9%
Per share data (RMB)					
EPS, (Basic)	3.63	4.11	4.65	5.50	6.51
EPS, (Diluted)	3.62	4.10	4.65	5.50	6.51
DPS	1.20	1.25	1.41	1.70	2.00
BVPS	17.38	25.83	30.43	35.89	42.31
Growth & Margins (%)					
Growth					
Revenue	26.1%	17.9%	18.4%	16.5%	17.0%
EBIT	42.3%	15.1%	13.3%	18.5%	18.6%
Net Income, adj.	29.6%	22.4%	13.0%	18.4%	18.3%
Margins					
Gross margin	19.9%	19.1%	18.6%	18.5%	18.4%
EBIT margin	8.2%	8.0%	7.6%	7.8%	7.9%
Net Profit Margin	7.3%	7.5%	7.2%	7.3%	7.4%
Key Ratios					
ROE	22.8%	19.6%	16.5%	16.6%	16.6%
ROA	10.2%	9.6%	8.5%	11.5%	11.5%
Income Statement (RMB mn)					
Revenue	**27618**	**32557**	**38545**	**44907**	**52548**
Gross profit	5490	6208	7181	8312	9690
EBIT	2256	2597	2942	3487	4137
Profit before tax	2100	2570	2903	3435	4066
Tax	82	97	109	128	154
Profit for the period	2018	2473	2794	3307	3912
Minority interests	13.20	19.34	21.00	25.00	29.00
Total capital share	555	597	597	597	597
Net profit	**2005**	**2454**	**2773**	**3282**	**3883**

Source: PSR

(Closing price as at 30 December 2026)

PHILLIP RESEARCH STOCK SELECTION SYSTEMS

Total Return	Recommendation	Rating	Remarks
>+20%	Buy	1	>20% upside from the current price
+5% to +20%	Accumulate	2	+5% to +20%upside from the current price
-5% to +5%	Neutral	3	Trade within ± 5% from the current price
-5% to -20%	Reduce	4	-5% to -20% downside from the current price
<-20%	Sell	5	>20%downside from the current price

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

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Contact Information (Regional Member Companies)

SINGAPORE
Phillip Securities Pte Ltd
250 North Bridge Road, #06-00 Raffles City Tower,
Singapore 179101
Tel : (65) 6533 6001 Fax: (65) 6535 3834
www.phillip.com.sg

MALAYSIA
Phillip Capital Management Sdn Bhd
B-3-6 Block B Level 3, Megan Avenue II,
No. 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur
Tel (60) 3 2162 8841 Fax (60) 3 2166 5099
www.poems.com.my

JAPAN
Phillip Securities Japan, Ltd
4-2 Nihonbashi Kabutocho, Chuo-ku
Tokyo 103-0026
Tel: (81) 3 3666 2101 Fax: (81) 3 3664 0141
www.phillip.co.jp

INDONESIA
PT Phillip Securities Indonesia
ANZ Tower Level 23B, Jl Jend Sudirman Kav 33A,
Jakarta 10220, Indonesia
Tel (62) 21 5790 0800 Fax: (62) 21 5790 0809
www.phillip.co.id

CHINA
Phillip Financial Advisory (Shanghai) Co. Ltd.
No 436 Heng Feng Road, Green Tech Tower Unit 604
Shanghai 200 070
Tel (86) 21 6351 2939 Fax: (86) 21 6091 1155
www.phillip.com.cn

INDIA
PhillipCapital (India) Private Limited
No. 1, 18th Floor, Urmi Estate, 95 Ganpatrao Kadam Marg,
Lower Parel West, Mumbai 400013
Tel: (9122) 2300 2999 Fax: (9122) 6667 9955
www.phillipcapital.in

THAILAND
Phillip Securities (Thailand) Public Co. Ltd.
15th Floor, Vorawat Building, 849 Silom Road,
Silom, Bangrak, Bangkok 10500 Thailand
Tel (66) 2 2268 0999 Fax: (66) 2 2268 0921
www.phillip.co.th

FRANCE
King & Shaxson Capital Ltd.
3rd Floor, 35 Rue de la Bienfaisance
75008 Paris France
Tel (33) 1 4563 3100 Fax : (33) 1 4563 6017
www.kingandshaxson.com

UNITED KINGDOM
King & Shaxson Ltd.
6th Floor, Candlewick House, 120 Cannon Street
London, EC4N 6AS
Tel (44) 20 7929 5300 Fax: (44) 20 7283 6835
www.kingandshaxson.com

UNITED STATES
Phillip Futures Inc.
141 W Jackson Blvd Ste 3050
The Chicago Board of Trade Building
Chicago, IL 60604 USA
Tel (1) 312 356 9000 Fax: (1) 312 356 9005

AUSTRALIA
PhillipCapital Australia
Level 10, 330 Collins Street
Melbourne VIC 3000
Tel (+61) 3 8633 9803 Fax (+61) 3 8633 9899
www.phillipcapital.com.au

SRI LANKA
Asha Phillip Securities Limited
Level 4, Millennium House, 46/58 Navam Mawatha,
Colombo 2, Sri Lanka
Tel: (94) 11 2429 100 Fax: (94) 11 2429 199
www.ashaphillip.net/home.htm

HONG KONG
Phillip Securities (HK) Ltd
11/F United Centre 95 Queensway Hong Kong
Tel (852) 2277 6600 Fax: (852) 2868 5307
www.phillip.com.hk