AirTAC

2Q26 beat on strong OPM, lifts 2026 sales growth/OPM guidance; reiterate Buy

Reiterate Rating: BUY | PO: 1,900 TWD | Price: 1,365 TWD

2Q26 earnings +63% YoY; record-high OPM

AirTAC released its 2Q26 results and held a results briefing on 28 July. Revenue (in RMB terms) was RMB2.6bn, up 25% YoY and 20% QoQ. GPM came in at 49.7%, up 3.7ppt YoY and 1.7ppt QoQ, ahead of our 48.5% estimate. Operating income (clean EBIT) was NTD4.3bn, up 56% YoY and 28% QoQ, 13% above our estimate. OPM was 35.1%, up 4.5ppt/1.9ppt YoY/QoQ and a historical high, above our 34.0% estimate, despite a c.1.8ppt drag from social security payments. Net income was NTD3.3bn, up 63% YoY and 24% QoQ, 12%/19% ahead of our estimate/Bloomberg consensus.

Targets >20% YoY sales growth in 2026

AirTAC raised its 2026 sales growth target to >20% YoY, from 15-20% YoY previously, on the back of single-digit YoY growth of China's pneumatic components market. It also expects 2026 OPM to improve to >34%, from 33% previously, driven by higher utilization, efficiency gains, and an improved product mix. The company's pneumatic component capacity utilization is currently c.100%, and management expects it to remain at that level in 3Q26. Revenue from linear guide was up 24% YoY in 1H26, with capacity utilization at c.40% YTD. Management expects capacity utilization to rise further to 50% by end-2026, which can support a 30% GPM. AirTAC also aims to launch more products for semis customers in 2026-27, with small-batch supply starting in 4Q26.

Lift PO to NTD1,900, reiterate Buy

Factoring in AirTAC's 2Q26 results and better sales and OPM outlook, we raise our 2026/27E earnings by 5%/4%. We lift our PO to NTD1,900 (from NTD1,800), with a target P/E of 30x (was 32x; see details inside). We also raise our DCF-based valuation on higher earnings and FCF estimates for 2026-35. We reiterate Buy, considering AirTAC's market-share gain in the FA sector and early stage growth of its linear guide business.

Estimates (Dec) (NT$)	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
Net Income (Adjusted - mn)	7,624	8,400	11,753	13,124	14,594
EPS	38.12	42.00	58.76	65.62	72.97
EPS Change (YoY)	9.4%	10.2%	39.9%	11.7%	11.2%
Consensus EPS (Visible Alpha)			56.99	65.04	72.35
Dividend / Share	20.01	28.59	38.20	42.65	47.43
Free Cash Flow / Share	40.24	26.63	47.16	57.48	55.98
Valuation (Dec)					
P/E	35.81x	32.50x	23.23x	20.80x	18.71x
Dividend Yield	1.47%	2.09%	2.80%	3.12%	3.47%
EV / EBITDA*	23.11x	20.81x	15.74x	14.17x	12.81x
Free Cash Flow Yield*	2.95%	1.95%	3.46%	4.21%	4.10%

* For full definitions of *iQmethod*SM measures, see page 8.

28 July 2026

Equity

Key Changes

(NT$)	**Previous**	**Current**
Price Obj.	1,800	1,900
2026E EPS	56.1	58.8
2027E EPS	63.2	65.6
2028E EPS	70.4	73.0

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Stock Data

Price	1,365 TWD
Price Objective	1,900 TWD
Date Established	28-Jul-2026
Investment Opinion	C-1-7
52-Week Range	741.00 TWD-1,600 TWD
Mrkt Val / Shares Out (mn)	8,456 USD / 200.0
Market Value (mn)	273,000 TWD
Average Daily Value (mn)	34.57 USD
Free Float	68.8%
BofA Ticker / Exchange	ATCXF / TAI
Bloomberg / Reuters	1590 TT / 1590.TW
ROE (2026E)	21.5%
Net Dbt to Eqty (Dec-2025A)	-7.2%

FA: factory automation

YTD: year-to-date

iQprofile℠ AirTAC

Key Income Statement Data (Dec)	2024A	2025A	2026E	2027E	2028E
(NT$ Millions)					
Sales	30,660	34,330	43,489	48,731	53,997
Gross Profit	14,314	15,782	21,219	23,758	26,338
Sell General & Admin Expense	(4,248)	(4,384)	(5,112)	(5,722)	(6,260)
Operating Profit	9,026	10,288	14,792	16,575	18,473
Net Interest & Other Income	608	358	203	289	279
Associates	0	0	0	0	0
Pretax Income	9,634	10,645	14,995	16,864	18,752
Tax (expense) / Benefit	(2,010)	(2,246)	(3,243)	(3,740)	(4,158)
Net Income (Adjusted)	7,624	8,400	11,753	13,124	14,594
Average Fully Diluted Shares Outstanding	200	200	200	200	200
Key Cash Flow Statement Data					
Net Income	7,624	8,400	11,753	13,124	14,594
Depreciation & Amortization	2,561	2,578	2,218	2,323	2,427
Change in Working Capital	(97)	(3,987)	(2,038)	(1,452)	(3,326)
Deferred Taxation Charge	0	0	0	0	0
Other Adjustments, Net	591	675	0	0	0
Cash Flow from Operations	10,678	7,667	11,933	13,995	13,695
Capital Expenditure	(2,630)	(2,340)	(2,500)	(2,500)	(2,500)
(Acquisition) / Disposal of Investments	0	0	0	0	0
Other Cash Inflow / (Outflow)	(1,067)	1,371	0	0	0
Cash Flow from Investing	(3,696)	(969)	(2,500)	(2,500)	(2,500)
Shares Issue / (Repurchase)	0	0	0	0	0
Cost of Dividends Paid	(3,595)	(4,002)	(7,639)	(8,531)	(9,486)
Cash Flow from Financing	(9,518)	(9,429)	(7,139)	(8,031)	(8,986)
Free Cash Flow	8,049	5,327	9,433	11,495	11,195
Net Debt	(1,115)	(3,760)	(5,554)	(8,518)	(10,227)
Change in Net Debt	(3,304)	(2,645)	(1,794)	(2,964)	(1,709)
Key Balance Sheet Data					
Property, Plant & Equipment	28,987	28,753	29,072	29,287	29,396
Other Non-Current Assets	3,155	3,740	3,702	3,665	3,629
Trade Receivables	9,719	14,395	14,201	15,171	17,375
Cash & Equivalents	6,726	3,977	6,271	9,735	11,944
Other Current Assets	8,974	6,675	9,345	9,896	11,331
Total Assets	57,561	57,540	62,591	67,754	73,675
Long-Term Debt	0	0	300	600	900
Other Non-Current Liabilities	558	323	323	323	323
Short-Term Debt	5,611	217	417	617	817
Other Current Liabilities	3,492	4,413	4,850	4,920	5,233
Total Liabilities	9,662	4,953	5,890	6,460	7,273
Total Equity	47,899	52,587	56,701	61,294	66,402
Total Equity & Liabilities	57,561	57,540	62,591	67,754	73,675
iQ**method*℠ **- Bus Performance					
Return On Capital Employed	13.4%	15.3%	21.1%	21.6%	22.1%
Return On Equity	16.9%	16.7%	21.5%	22.2%	22.9%
Operating Margin	29.4%	30.0%	34.0%	34.0%	34.2%
EBITDA Margin	37.8%	37.5%	39.1%	38.8%	38.7%
iQ**method*℠ **- Quality of Earnings					
Cash Realization Ratio	1.4x	0.9x	1.0x	1.1x	0.9x
Asset Replacement Ratio	1.0x	0.9x	1.1x	1.1x	1.0x
Tax Rate (Reported)	20.9%	21.1%	21.6%	22.2%	22.2%
Net Debt-to-Equity Ratio	-2.3%	-7.2%	-9.8%	-13.9%	-15.4%
Interest Cover	NM	NM	NM	NM	NM

Key Metrics

* For full definitions of *iQmethod*℠ measures, see page 8.

Company Sector

Mechanical Engineering

Company Description

Listed in 2010, AirTAC is a pneumatics equipment and components manufacturer in Taiwan. It is among the top 2 players in China and held 20%+ market share in 2025. The China market accounts for nearly 95% of its 2025 sales.

Investment Rationale

We have a Buy rating on AirTAC given 1) growth supported by market-share gain in pneumatics industry and 2) growth in early stages of linear guide business.

Stock Data

Price to Book Value	4.8x

By sector: battery led the growth; machine tool solid

By sector, AirTAC's battery business outperformed in 2Q26, with sales up 56% YoY. Sales of its machine tool/general machinery business grew 35%/28% YoY, while revenue from electronics/auto business also grew 20%/20% YoY. Looking into 2026, AirTAC expects its battery business to maintain double-digit YoY growth amid the battery capex upcycle. The company also anticipates its electronics business delivering >10% YoY growth in 2026, largely supported by iPhone's continued spec upgrades and solid demand from the AI supply chain. For the auto industry, AirTAC aims to continue achieving double-digit YoY sales growth in 2026, thanks to market-share gains amid improving brand reputation, especially for Chinese EV brands.

Exhibit 1: Revenue breakdown by industries

Sales to the battery sector grew 56% YoY in 2Q26

Sales contribution	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26
Electronic	21%	22%	21%	24%	28%	30%	28%	27%	28%	29%	26%	26%	26%	27%
Battery	18%	14%	12%	11%	9%	7%	8%	11%	13%	14%	14%	15%	20%	18%
Automobile	6%	5%	6%	7%	7%	7%	8%	9%	10%	10%	11%	10%	9%	9%
Packaging	7%	7%	8%	9%	8%	9%	9%	9%	8%	8%	9%	9%	7%	7%
Machine tool	5%	4%	5%	5%	6%	7%	7%	7%	7%	7%	7%	7%	7%	7%
General machinery	7%	7%	8%	6%	6%	7%	7%	7%	5%	5%	6%	6%	5%	5%
Textile	2%	2%	2%	2%	5%	5%	5%	5%	5%	4%	4%	4%	5%	4%
Energy and lighting	10%	16%	15%	9%	9%	6%	4%	3%	4%	4%	3%	3%	3%	3%
YoY growth														
Electronic	-5%	-10%	14%	30%	37%	33%	22%	11%	8%	6%	10%	17%	20%	20%
Battery	16%	-5%	-8%	-30%	-50%	-46%	-40%	5%	65%	117%	100%	57%	85%	56%
Automobile	28%	5%	0%	23%	18%	23%	20%	17%	43%	35%	52%	31%	15%	20%
Packaging	10%	24%	26%	31%	12%	13%	4%	3%	10%	1%	10%	16%	10%	17%
Machine tool	6%	4%	23%	18%	12%	46%	28%	22%	16%	2%	17%	17%	20%	35%
General machinery	12%	22%	31%	9%	11%	14%	3%	17%	10%	11%	17%	16%	35%	28%
Textile	-18%	-13%	-10%	94%	53%	47%	29%	11%	-6%	-14%	0%	5%	22%	39%
Energy and lighting	127%	250%	130%	17%	-18%	-66%	-78%	-66%	-65%	-35%	-8%	15%	-2%	-7%

Source: Company report

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Earnings review and revisions

Exhibit 2: 2Q26 results comparison

2Q26 earnings up 63% YoY, 12% above our estimates

NT$mn	2Q26 (A)	2Q26 (F)	Diff (%)	YoY	QoQ	1Q26	4Q25	3Q25	2Q25	1Q25	4Q24	3Q24	2Q24	1Q24
Revenue (RMB mn)	2,620	2,467	6.2%	24.7%	19.5%	2,192	2,064	1,971	2,102	1,794	1,703	1,639	1,891	1,650
Revenue (NTD mn)	12,164	11,102	9.6%	35.9%	21.5%	10,014	9,035	8,246	8,953	8,096	7,646	7,381	8,428	7,206
COGS	-6,116	-5,718	7.0%	26.5%	17.4%	-5,210	-4,743	-4,449	-4,834	-4,522	-4,136	-3,962	-4,439	-3,810
Gross profit	6,048	5,385	12.3%	46.8%	25.9%	4,804	4,292	3,797	4,119	3,574	3,510	3,419	3,989	3,395
Operating exp	-1,783	-1,610	10.8%	28.5%	20.6%	-1,479	-1,469	-1,336	-1,387	-1,302	-1,364	-1,350	-1,341	-1,233
Operating income	4,265	3,775	13.0%	56.1%	28.3%	3,325	2,823	2,460	2,732	2,272	2,146	2,069	2,648	2,162
Pretax income	4,238	3,845	10.2%	64.9%	23.8%	3,424	2,957	2,652	2,570	2,466	2,256	2,179	2,871	2,327
Net income before minority interest	3,311	2,961	11.8%	62.5%	24.0%	2,671	2,328	2,099	2,037	1,936	1,801	1,732	2,261	1,829
Net Income	3,311	2,961	11.8%	62.5%	24.0%	2,671	2,328	2,099	2,037	1,936	1,801	1,732	2,261	1,829
EPS	16.55	14.80	11.8%	62.5%	24.0%	13.35	11.64	10.50	10.19	9.68	9.01	8.66	11.31	9.15
GM	49.7%	48.5%				48.0%	47.5%	46.0%	46.0%	44.1%	45.9%	46.3%	47.3%	47.1%
OPM	35.1%	34.0%				33.2%	31.2%	29.8%	30.5%	28.1%	28.1%	28.0%	31.4%	30.0%
NM	27.2%	26.7%				26.7%	25.8%	25.5%	22.8%	23.9%	23.6%	23.5%	26.8%	25.4%
Opex to sales	14.7%	14.5%				14.8%	16.3%	16.2%	15.5%	16.1%	17.8%	18.3%	15.9%	17.1%

Source: BofA Global Research estimates, company data

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Exhibit 3: New vs. old estimates
We lift our 2026/27E earnings by 5%/4%

	2026F			2027F			2028F		
(NT$ mn)	Old	New	dif. (%)	Old	New	dif. (%)	Old	New	dif. (%)
Consolidated sales (RMB mn)	9,357	9,548	2.0%	10,608	10,829	2.1%	11,752	11,999	2.1%
Consolidated sales (NT$ mn)	42,256	43,489	2.9%	47,737	48,731	2.1%	52,885	53,997	2.1%
Gross Profit	20,336	21,219	4.3%	22,999	23,758	3.3%	25,519	26,338	3.2%
Operating Profit	14,012	14,792	5.6%	15,960	16,575	3.9%	17,813	18,473	3.7%
Net Profit before minority shareholder	11,211	11,752	4.8%	12,648	13,124	3.8%	14,083	14,594	3.6%
Net profit	11,211	11,753	4.8%	12,648	13,124	3.8%	14,083	14,594	3.6%
EPS	56.1	58.8	4.8%	63.2	65.6	3.8%	70.4	73.0	3.6%
Key ratios (%)									
Sales growth (RMB)	18.0%	20.4%		13.4%	13.4%		10.8%	10.8%	
Sales growth (NT$)	23.1%	26.7%		13.0%	12.1%		10.8%	10.8%	
EPS growth	33.5%	39.9%		12.8%	11.7%		11.3%	11.2%	
Gross margin	48.1%	48.8%		48.2%	48.8%		48.3%	48.8%	
Operating margin	33.2%	34.0%		33.4%	34.0%		33.7%	34.2%	
Net margin	26.5%	27.0%		26.5%	26.9%		26.6%	27.0%	
FX									
RMBTWD	4.52	4.55		4.50	4.50		4.50	4.50	

Source: BofA Global Research estimates

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Exhibit 5: P&L summary (quarterly)
We estimate net profit to grow by 40% YoY in 2026

(NT$ mn)	1Q25	2Q25	3Q25	4Q25	FY '25	1Q26	2Q26	3Q26	4Q26	FYE '26
Revenue	8,096	8,953	8,246	9,035	34,330	10,014	12,164	10,520	10,790	43,489
Cost of goods sold	4,522	4,834	4,449	4,743	18,548	5,210	6,116	5,386	5,557	22,270
Gross margin	3,574	4,119	3,797	4,292	15,782	4,804	6,048	5,134	5,233	21,219
Promotion	730	832	750	854	3,166	846	1,062	894	939	3,741
G&A	302	291	313	311	1,217	322	367	347	335	1,371
R&D	270	264	274	303	1,111	311	354	326	324	1,315
Operating expenses	1,302	1,387	1,336	1,469	5,494	1,479	1,783	1,568	1,597	6,427
Operating income	2,272	2,732	2,460	2,823	10,288	3,325	4,265	3,566	3,636	14,792
Pretax income	2,466	2,570	2,652	2,957	10,645	3,424	4,238	3,637	3,696	14,995
Taxes or tax credit	530	533	553	629	2,246	753	927	749	813	3,243
Profit before minority	1,936	2,037	2,099	2,328	8,400	2,671	3,311	2,888	2,883	11,752
Net income	1,936	2,037	2,099	2,328	8,400	2,671	3,311	2,888	2,883	11,753
Pretax EPS (NT$)	12.3	12.9	13.3	14.8	53.2	17.1	21.2	18.2	18.5	75.0
EPS (NT$)	9.7	10.2	10.5	11.6	42.0	13.4	16.6	14.4	14.4	58.8
Number of shares (mn)	200	200	200	200	200	200	200	200	200	200
Operating Ratios										
Gross margins	44.1%	46.0%	46.0%	47.5%	46.0%	48.0%	49.7%	48.8%	48.5%	48.8%
SG&A	12.7%	12.5%	12.9%	12.9%	12.8%	11.7%	11.7%	11.8%	11.8%	11.8%
R&D	3.3%	2.9%	3.3%	3.4%	3.2%	3.1%	2.9%	3.1%	3.0%	3.0%
Operating margin	28.1%	30.5%	29.8%	31.2%	30.0%	33.2%	35.1%	33.9%	33.7%	34.0%
Pre-tax margin	30.5%	28.7%	32.2%	32.7%	31.0%	34.2%	34.8%	34.6%	34.3%	34.5%
Tax rate	21.5%	20.7%	20.8%	21.3%	21.1%	22.0%	21.9%	20.6%	22.0%	21.6%
Net margin	23.9%	22.8%	25.5%	25.8%	24.5%	26.7%	27.2%	27.5%	26.7%	27.0%
YoY %										
Revenue	12.4%	6.2%	11.7%	18.2%	12.0%	23.7%	35.9%	27.6%	19.4%	26.7%
Gross profit	5.3%	3.3%	11.0%	22.3%	10.3%	34.4%	46.8%	35.2%	21.9%	34.5%
Operating income	5.1%	3.2%	18.9%	31.6%	14.0%	46.3%	56.1%	45.0%	28.8%	43.8%
Net income	5.8%	-9.9%	21.2%	29.2%	10.2%	38.0%	62.5%	37.6%	23.8%	39.9%
EPS	5.8%	-9.9%	21.2%	29.2%	10.2%	38.0%	62.5%	37.6%	23.8%	39.9%
QoQ %										
Revenue	5.9%	10.6%	-7.9%	9.6%		10.8%	21.5%	-13.5%	2.6%	
Gross profit	1.8%	15.3%	-7.8%	13.1%		11.9%	25.9%	-15.1%	1.9%	
Operating income	5.9%	20.2%	-9.9%	14.8%		17.8%	28.3%	-16.4%	2.0%	
Net income	7.5%	5.2%	3.1%	10.9%		14.7%	24.0%	-12.8%	-0.2%	
EPS	7.5%	5.2%	3.1%	10.9%		14.7%	24.0%	-12.8%	-0.2%	

Source: BofA Global Research estimates, company report

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Valuation

Our new PO of NT$1,900 (was NT$1,800) is based on the average of our DCF and P/E valuation methodologies.

(1) **DCF-based fair value:** We derive a fair value of NT$1,928 (was NT$1,806) from our DCF calculation, with assumptions of 3% free-cash flow (FCF) perpetuity growth (unchanged) and 10.3% weighted average cost of capital/WACC (unchanged). Our DCF-based fair value has increased, as we raise our 2026-35 earnings and free-cash flow estimates.

(2) **P/E-based fair value:** We apply a target P/E of 30x (was 32x) on its 2H26-1H27E EPS (rolled over from 2026E EPS), to derive our P/E-based fair value of NT$1,871 (was NT$1,794). Our 30x target P/E was around 1SD above its 5-year average (26x), reflecting our optimistic view on its near-term revenue and earnings growth amid the FA upcycle.

Exhibit 6: Valuation summary table

Our new PO is NT$1,900

Valuation methodology	Implied value (NT$)	Upside/downside	Parameters
Methodology 1			
DCF	1,928		WACC: 10.3%
Methodology 2			
P/E multiple	1,871		30x
Price Objective (rounded)	1,900	39.2%	

Source: BofA Global Research estimates

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Price objective basis & risk

AirTAC (ATCXF)
Our PO of NT$1,900, is based on the average of our DCF and P/E valuation methodologies.

(1) DCF-based fair value: We derive a fair value of NT$1,928 from our DCF calculation, with assumptions of 3% FCF perpetuity growth and 10.3% WACC.

(2) P/E-based fair value: We apply around 1SD above its 5-year historical average PER to arrive at our 2H26-1H27 target multiple (30x) and P/E-based fair value of NT$1,871.

Upside risks to our PO are (1) stronger-than-expected macro economy, (2) stronger rebound/recovery of capex cycle demand, (3) gross margin improvement on higher utilization, and (4) higher contribution from new products (linear guide).

Downside risks to our PO are (1) weak macro, (2) more domestic competition, (3) raw materials that account for 50% of COGS (e.g., aluminum and copper are 25-30% of COGS), (4) FX and, particularly, the yen, due to major competitor SMC, and (5) new electronic components business, which could be a drag on earnings if demand is weak.

Analyst Certification

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APR - Industrials Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Aboitiz Equity Ventures, Inc.	ABOIF	AEV PM	Julian Roxas

APR - Industrials Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	AirTAC	ATCXF	1590 TT	Ming Hsun Lee, CFA
	Anhui Heli	AHUHF	600761 CH	Summer Wang, CFA
	Anhui Yingliu	XANHF	603308 CH	Fiona Liang
	Ayala Corporation	AYYLF	AC PM	Russ Toribio
	Centre Testing International	XCTEF	300012 CH	Yikai Liu, CFA
	Daifuku	DAIUF	6383 JP	Kenjin Hotta
	Daikin Industries	DKILF	6367 JP	Kenjin Hotta
	Daikin Industries	DKILY	DKILY US	Kenjin Hotta
	Envicool	XPTIF	002837 CH	Yibing Xia
	GeekPlus	BGTCF	2590 HK	Summer Wang, CFA
	Goldwind	XJNGF	2208 HK	Gary Tsang
	GTCAP	GTHOF	GTCAP PM	Russ Toribio
	Guangdong Songfa	XDZGF	603268 CH	Amy Han
	Hainan Jinpan	XKZNF	688676 CH	Matty Zhao
	Hangcha Group	XXCLF	603298 CH	Summer Wang, CFA
	Hangzhou Great Star	XNZLF	002444 CH	Fiona Liang
	Hankuk Carbon	HKUCF	017960 KS	KJ Hwang
	Han's Laser	XHQTF	002008 CH	Summer Wang, CFA
	Hanwha Aerospace	SSASF	012450 KS	KJ Hwang
	HD Hyundai Electric	XPELF	267260 KS	Sun Jung Lee
	HD Hyundai Heavy Industries	XHZXF	329180 KS	KJ Hwang
	Himile	XMSVF	002595 CH	Fiona Liang
	Hiwin Technologies	HITEF	2049 TT	Ming Hsun Lee, CFA
	Huaming Equipment	XKTIF	002270 CH	Matty Zhao
	IHI	IHICF	7013 JP	Kenjin Hotta
	Inovance Technology	XMYRF	300124 CH	Ming Hsun Lee, CFA
	Jiangsu Hengli Hydraulic Co., Ltd	XHDCF	601100 CH	Ming Hsun Lee, CFA
	Kawasaki Heavy Industries	KWHIF	7012 JP	Kenjin Hotta
	Keyence	KYCCF	6861 JP	Kenjin Hotta
	Korea Aerospace	XAQHF	047810 KS	KJ Hwang
	LIG Defense & Aerospace	XLQUF	079550 KS	KJ Hwang
	LS Electric	LGXSF	010120 KS	Sun Jung Lee
	Makita	MKEWF	6586 JP	Kenjin Hotta
	Mingyang Smart Energy	XLARF	601615 CH	Charlotte Xia
	Mitsubishi Heavy Industries	MHVYF	7011 JP	Kenjin Hotta
	Mitsui E&S	MIESF	7003 JP	Yuri Nishizaki
	MNC Solution	XZXRF	484870 KS	Dongho Shin
	Nabtesco	NCTKF	6268 JP	Kenjin Hotta
	Namura Shipbuilding	NMRSF	7014 JP	Yuri Nishizaki
	NARI Technology	XLODF	600406 CH	Matty Zhao
	OMRON Corporation	OMRNF	6645 JP	Kenjin Hotta
	OMRON Corporation	OMRNY	OMRNY US	Kenjin Hotta
	Samsung Heavy Industries	SMSHF	010140 KS	KJ Hwang
	Sany Heavy Industry Co., Ltd	SHVYF	600031 CH	Ming Hsun Lee, CFA
	Sany Heavy Industry Co., Ltd	XHEVF	6031 HK	Ming Hsun Lee, CFA
	Sany International	SNYYF	631 HK	Summer Wang, CFA
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	Shenzhen Megmeet	XMXLF	002851 CH	Yikai Liu, CFA
	Sieyuan Electric	XUJKF	002028 CH	Matty Zhao
	Sinexcel	XSBEF	300693 CH	Summer Wang, CFA
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	SMC	SMECF	6273 JP	Kenjin Hotta
	SMC	SMCAY	SMCAY US	Kenjin Hotta
	ST Engineering	SGGKF	STE SP	Jessie Lo
	Suzhou Maxwell Technologies	XSMTF	300751 CH	Gary Tsang
	TGOOD	XQGDF	300001 CH	Yikai Liu, CFA
	THK	THKLF	6481 JP	Kenjin Hotta
	UBTECH	UBTRF	9880 HK	Ming Hsun Lee, CFA
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	Weichai Power Co. Ltd	XWPEF	000338 CH	Fiona Liang
	XCMG Construction Machinery Co Ltd	XVPZF	000425 CH	Ming Hsun Lee, CFA
	XJ Electric	XJECF	000400 CH	Matty Zhao
	Yangzijiang Shipbuilding	YSHLF	YZJSGD SP	Amy Han

APR - Industrials Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Yuchai International	CYD	CYD US	Fiona Liang
	Zhejiang Supcon Technology	XDXFF	688777 CH	Yikai Liu, CFA
	Zoomlion Heavy Industry	XLRYF	000157 CH	Ming Hsun Lee, CFA
	Zoomlion Heavy Industry	ZLIOF	1157 HK	Ming Hsun Lee, CFA
NEUTRAL				
	D&L Industries, Inc.	DALQF	DNL PM	Philip Albert Felix
	Dongguan Yiheda Automation	XDXGF	301029 CH	Yikai Liu, CFA
	Fanuc	FANUF	6954 JP	Kenjin Hotta
	Fanuc	FANUY	FANUY US	Kenjin Hotta
	Kubota Corp	KUBTF	6326 JP	Kenjin Hotta
	Kubota Corp	KUBTY	KUBTY US	Kenjin Hotta
	Neway Valve	XNNVF	603699 CH	Summer Wang, CFA
	Yaskawa Electric	YASKF	6506 JP	Kenjin Hotta
	Zhuzhou CRRC Times Electric	ZHUZF	3898 HK	Yikai Liu, CFA
	Zhuzhou CRRC Times Electric	XWCTF	688187 CH	Yikai Liu, CFA
UNDERPERFORM				
	Alliance Global Group, Inc.	ALGGF	AGI PM	Russ Toribio
	CKD	CKDOF	6407 JP	Kenjin Hotta
	ESTUN Automation	XNJNF	002747 CH	Ming Hsun Lee, CFA
	ESTUN Automation	XZMTF	2715 HK	Ming Hsun Lee, CFA
	Goldwind	XJGWF	002202 CH	Gary Tsang
	Hitachi CM	HTCMF	6305 JP	Kenjin Hotta
	Hongfa Technology	XQXAF	600885 CH	Fiona Liang
	Komatsu	KMTUF	6301 JP	Kenjin Hotta
	Komatsu	KMTUY	KMTUY US	Kenjin Hotta
	L.K. Technology	XBQXF	558 HK	Joey Yang, CFA
	Leader Harmonious Drive Systems	XLHNF	688017 CH	Yikai Liu, CFA
	LT Group, Inc.	LTGIF	LTG PM	Philip Albert Felix
	OPT Machine Vision	XOTVF	688686 CH	Yikai Liu, CFA
	SCG Packaging PCL	XAFLF	SCGP TB	Komsun Suksumrun
	Shanghai Bochu Electronic	XWUTF	688188 CH	Fiona Liang
	Shenzhen SC New Energy	XENYF	300724 CH	Yikai Liu, CFA
	SK Bend	SUKWF	014620 KS	KJ Hwang

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Business Performance	Numerator	Denominator
Return On Capital Employed	NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization	Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5 Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations – Total Capex	N/A
Quality of Earnings	**Numerator**	**Denominator**
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	Net Debt = Total Debt – Cash & Equivalents	Total Equity
Interest Cover	EBIT	Interest Expense
Valuation Toolkit	**Numerator**	**Denominator**
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualised Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations – Total Capex	Market Cap = Current Share Price × Current Basic Shares
Enterprise Value / Sales	EV = Current Share Price × Current Shares + Minority Equity + Net Debt + Other LT Liabilities	Sales
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

Valuation Toolkit	Numerator	Denominator

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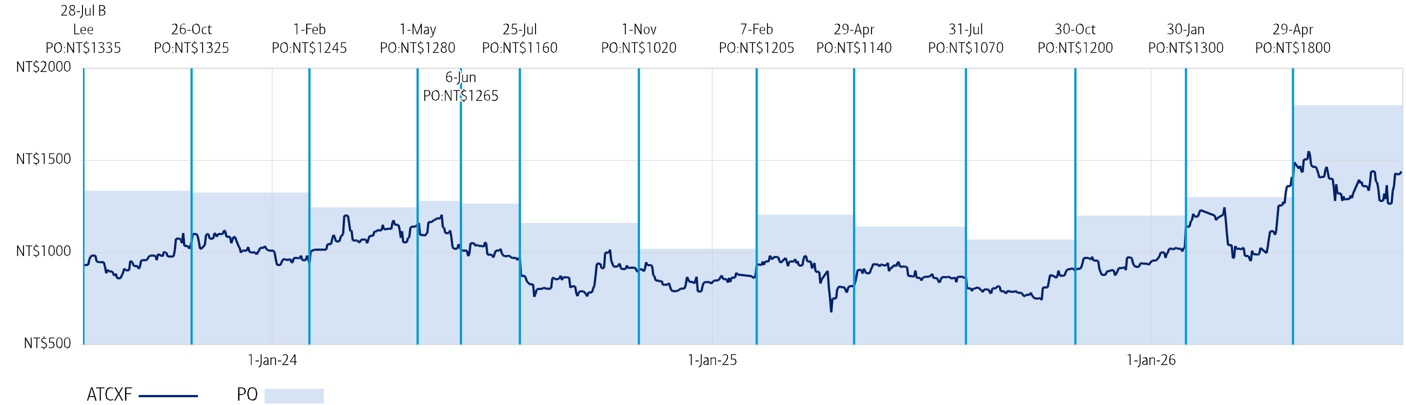
AirTAC (ATCXF) Price Chart



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Equity Investment Rating Distribution: Electrical Equipment Group (as of 30 Jun 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	18	66.67%	Buy	10	55.56%
Hold	3	11.11%	Hold	2	66.67%
Sell	6	22.22%	Sell	1	16.67%

Equity Investment Rating Distribution: Engineering Group (as of 30 Jun 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	5	83.33%	Buy	1	20.00%
Hold	1	16.67%	Hold	1	100.00%
Sell	0	0.00%	Sell	0	0.00%

Equity Investment Rating Distribution: Industrials/Multi-Industry Group (as of 30 Jun 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	68	62.39%	Buy	36	52.94%
Hold	15	13.76%	Hold	7	46.67%
Sell	26	23.85%	Sell	12	46.15%

Equity Investment Rating Distribution: Machinery/Diversified Manufacturing Group (as of 30 Jun 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	39	59.09%	Buy	18	46.15%
Hold	12	18.18%	Hold	9	75.00%
Sell	15	22.73%	Sell	9	60.00%

Equity Investment Rating Distribution: Global Group (as of 30 Jun 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	1987	56.11%	Buy	1190	59.89%
Hold	797	22.51%	Hold	496	62.23%
Sell	757	21.38%	Sell	391	51.65%

[R1] Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster[R2]
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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