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Industry Update

Raising AI power demand forecasts (Monthly - May 2026)

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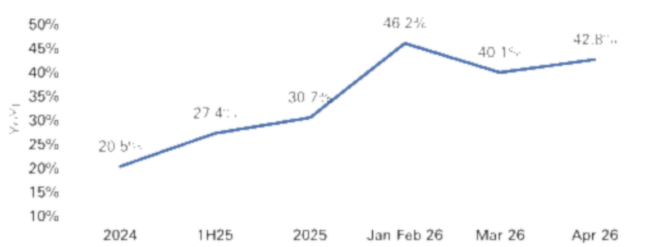
AI power demand sustains high growth

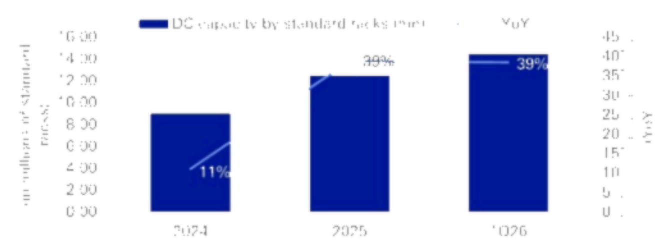
China's AI-related power demand saw strong growth in April 2026, driven by continued expansion in data centres and digital infrastructure. Overall electricity consumption rose 6.0% YoY, but the tertiary sector – where IT services sit – outpaced this at +8.9% YoY. Within this, internet and data services recorded a sharp 42.8% YoY increase in power consumption, extending an acceleration trend from >30% in 2025. This sustained step-up closely tracks a sharp acceleration in data centre deployment. According to Ministry of Industry and Information Technology, China's data centre capacity expanded from 9.00mn standard racks in 2024 to 12.50mn in 2025 and further to 14.45mn by 1Q26, with growth accelerating to 39% YoY in both 2025 and 1Q26 (vs. 11% in 2024).

Figure 1: Power consumption growth from internet and related service sectors (YoY)



Source: National Energy Administration (NEA)

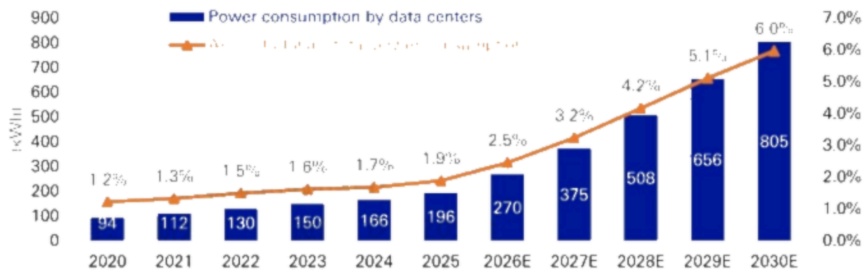
Figure 2: China data centre capacity by standard racks



Source: Ministry of Industry and Information Technology

Reflecting this faster-than-expected ramp-up, we have updated our previous forecasts (2026 outlook report) with the latest capacity and power demand data. We raise our 2030 data centre power demand estimate by 46% to 805bn kWh, implying ~6% of China's total electricity consumption (from ~4.1% previously; vs. <2% in 2025), incorporating the latest acceleration in both capacity build-out and power demand growth. This is in line with the latest remarks this week by Wang Hongzhi, head of the National Energy Administration (NEA), indicating annual incremental data centre power demand could exceed 100bn kWh till 2030.

Figure 3: China's AI-related power demand forecasts



Source: China Academy of Information and Communication Technology (CAICT), Deutsche Bank estimates

Solar installation stays muted

China's solar new installations slowed sharply in April 2026 to 9.5GW, down 79% YoY versus 45.2GW in April 2025, but the magnitude of the decline is heavily skewed by last year's policy-driven high base—installations were pulled forward ahead of an end-May deadline, which drove an unusually large spike in April–May 2025. On a YTD basis, 4M26 additions (51GW) declined c.51% YoY. The YoY decline should moderate into 2H26 on a lower base, and our full-year estimate remains unchanged at 215GW, implying a 32% YoY decline.

Stock Recommendations

Within China utilities, our top picks are **China Resources Power (0836.HK), China Yangtze Power (600900.SS) and China Gas (0384.HK)**, with a focus on dividend visibility and resilient cash flows amid a mixed sector backdrop. **China Resources Power** is supported by an above-power-peer dividend yield (>5%), with additional upside potential from AI-related load growth as data centre expansion lifts power demand. **China Yangtze Power** offers stable earnings and payout visibility given its hydro profile, with the key near-term variable being summer water inflows during the peak season. **China Gas** has the highest dividend yield (~7%) among utilities under our coverage, and its newly proposed share option scheme has a ~15% annual profit growth target through FY31, well above current market expectations.

Figure 4: China Utilities Sector - Valuation comparison

Company	BBG ticker	Market Cap (USD MN)	Rating	TP (LC)	Price (LC)	U/D	P/E (x) 2026E	P/E (x) 2027E	P/E (x) 2028E	P/B (x) 2026E	P/B (x) 2027E	P/B (x) 2028E	ROE (%) 2026E	ROE (%) 2027E	ROE (%) 2028E	Div yield (%) 2026E	Div yield (%) 2027E	Div yield (%) 2028E	EPS CAGR 2025-27E
Clean energy operators																			
China Yangtze Power	600900 CH	97,967	Buy	36.00	27.14	33%	17.4	16.5	15.6	2.8	2.6	2.5	16.4	16.4	16.4	4.1	4.3	4.5	7%
CR Power	836 HK	13,544	Buy	23.00	20.36	13%	8.1	7.2	6.6	0.9	0.8	0.8	11.2	11.8	12.0	5.3	5.6	6.1	0%
Longyuan Power	916 HK	15,876	Buy	8.10	6.42	26%	9.4	8.8	7.6	0.6	0.6	0.5	6.4	6.6	7.3	3.2	3.4	4.0	7%
Gas distributors																			
China Gas Holdings	384 HK	4,944	Buy	10.00	7.33	36%	12.3	11.7	11.7	0.7	0.7	0.7	6.0	6.3	6.3	6.7	6.7	6.7	6%
ENN Energy	2688 HK	7,981	Buy	75.00	56.50	33%	8.4	8.1	8.1	1.1	1.0	0.9	13.3	13.0	12.1	5.4	5.7	5.8	8%
China Resources Gas	1193 HK	5,387	Hold	18.50	18.61	-1%	12.1	11.8	11.2	0.9	0.9	0.9	7.8	7.8	8.0	5.1	5.3	5.5	1%
HK Utilities																			
CK Infrastructure	1038 HK	19,695	Buy	82.00	61.75	33%	5.7	18.7	18.1	1.0	1.0	1.0	19.3	5.4	5.5	4.1	4.1	4.2	3%
HK Electric	2638 HK	7,071	Hold	7.00	6.25	12%	17.0	16.5	16.3	1.1	1.1	1.1	6.7	6.8	6.8	5.0	5.0	5.0	4%

Source: Deutsche Bank estimates (Prices as of 26 May 2026)

Previous issues: March 2025, April 2025, May 2025, June 2025, July 2025, August 2025, September 2025, October 2025, November 2025, December 2025, January 2026, March 2026

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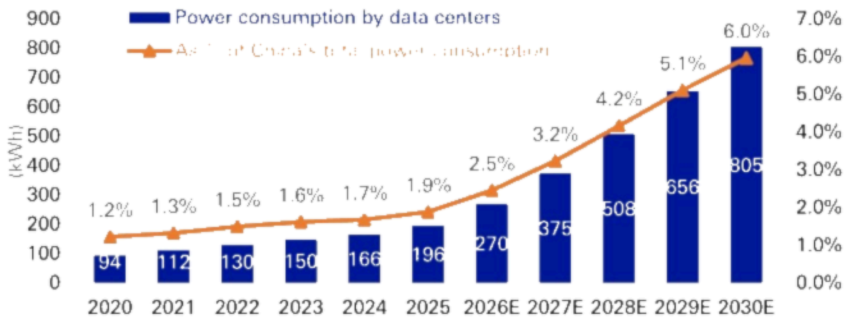
Power and AI

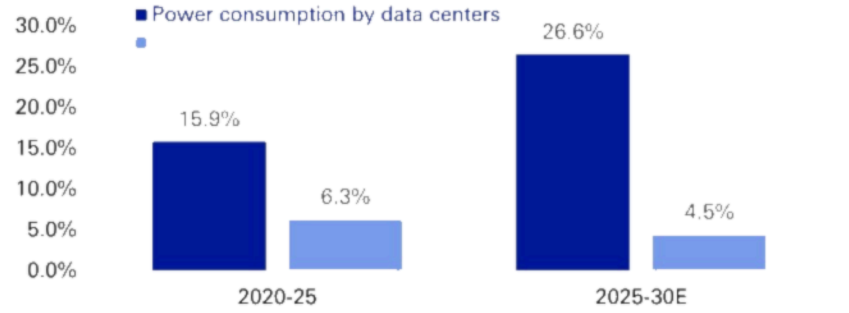
- During 2020–25, China's data centre power consumption grew at a 16% CAGR, significantly outpacing overall power demand growth of 6% over the same period. By **2025**, the industry consumed 196bn kWh of electricity annually, accounting for 1.9% of China's total power demand.
- By 1Q26, China's operating data centre capacity reached 14.45mn standard racks, up 39% YoY, marking a clear acceleration from low-teens growth in 2024 and a 23% CAGR over 2019–24. At the same time, IT-related power demand growth picked up from 2H25, with monthly growth at 18–21% YoY from 2H25 through 4M26, versus 15% in 1H25.

Figure 5: China's power consumption by data centers



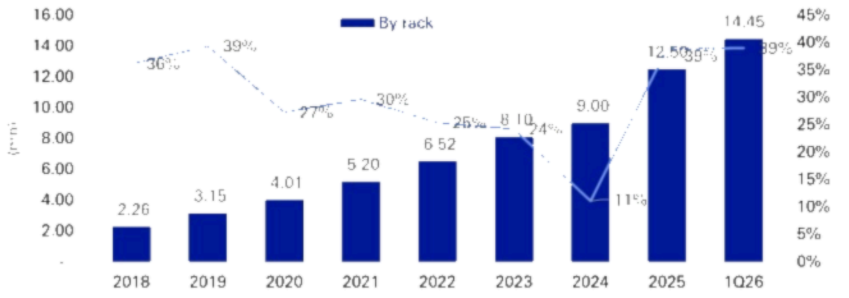
Source: China Academy of Information and Communication Technology (CAICT), Deutsche Bank estimates

Figure 6: CAGR comparison - data center power demand vs. total power demand



Source: CAICT, Deutsche Bank estimates

Figure 7: China's data center capacity by standard racks



Source: Ministry of Industry and Information Technology (MIIT)

Figure 8: Power consumption from Information Technology Sector - YoY

Source: WIND

Power and AI

- In 2025–30E, we expect China's data centre power consumption CAGR to accelerate to 27%, up from 16% in 2020–25. By 2030, we estimate demand to reach 805bn kWh, accounting for **6.0%** of China's total power consumption, representing a near **tripling** from the 2025 level.

Figure 9: China power consumption forecast model for data centers

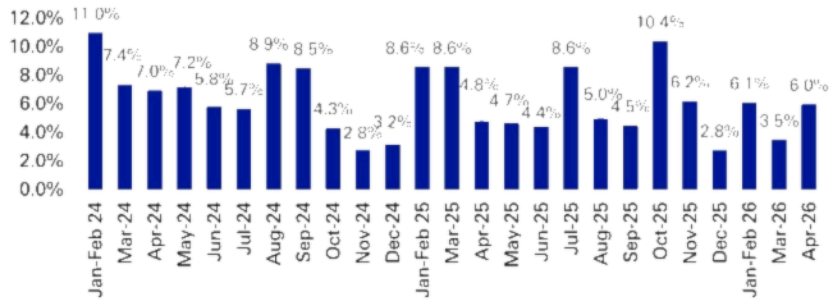
(bn kWh)	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Power consumption by data centers	94	112	130	150	166	196	270	375	508	656	805
- YoY	14.0%	18.8%	16.5%	15.4%	10.7%	18.1%	37.8%	38.7%	35.7%	29.0%	22.8%
China's total power consumption	7,626	8,377	8,637	9,224	9,852	10,368	10,956	11,547	12,169	12,809	13,479
- YoY	4.1%	9.8%	3.1%	6.8%	6.8%	5.2%	5.7%	5.4%	5.4%	5.3%	5.2%
DC power consumption as % of China's total power consumption	1.2%	1.3%	1.5%	1.6%	1.7%	1.9%	2.5%	3.2%	4.2%	5.1%	6.0%
Key assumptions:											
Year-end data center capacity by power capacity (MW)	10,025	13,000	16,300	20,250	22,500	31,250	42,188	56,953	74,039	92,549	111,059
- YoY	27%	30%	25%	24%	11%	39%	35%	35%	30%	25%	20%
Time-weighted data center capacity by power capacity (MW)	8,950	11,513	14,650	18,275	21,375	26,875	36,719	49,570	65,496	83,294	101,804
- YoY	n.a.	29%	27%	25%	17%	26%	37%	35%	32%	27%	22%
Utilization rate	74%	71%	67%	63%	61%	58%	60%	63%	66%	68%	69%
PUE (Power Usage Effectiveness)	1.62	1.55	1.52	1.48	1.46	1.43	1.40	1.37	1.34	1.32	1.30
Power consumption by servers (bn kWh)	58	72	86	101	114	137	193	273	379	497	619
Power consumption by cooling system and others (bn kWh)	36	40	44	49	52	59	77	101	129	159	186

Source: CAICT, MIIT, Deutsche Bank estimates

Power demand growth in April

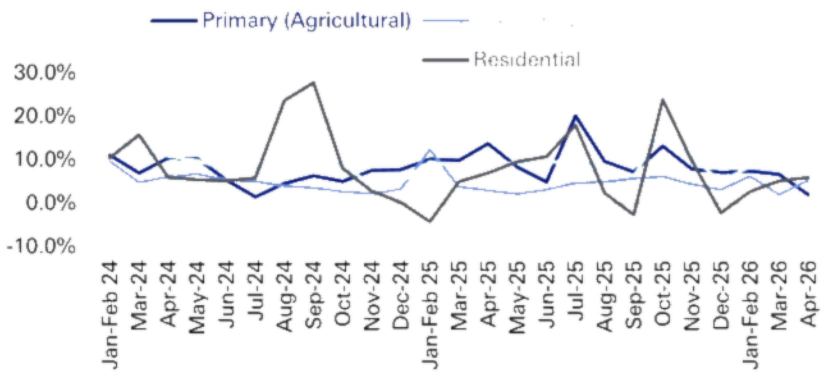
- In April 2026, China's **power consumption** recorded a 6.0% YoY, a notable acceleration compared to the +3.5% YoY in March 2025. **Industrial/Service/ Residential** power demand indicates continued growth trajectory, rising by 5.3%/8.9%/6.0% YoY, respectively. **Agricultural** power demand eased to +2.0% YoY in April 2026. Within the service industry, the **Information Technology (IT)** sector's power demand exhibited robust growth of 19% YoY in April 2026 (same as 2H25).

Figure 10: China – monthly total power consumption (YoY)



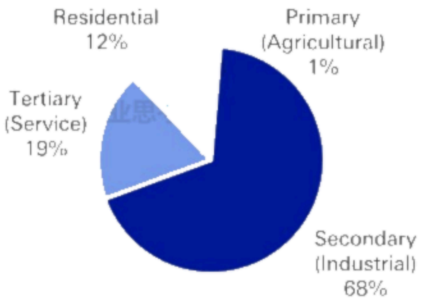
Source: National Energy Administration

Figure 11: China – monthly power consumption by end user (YoY)



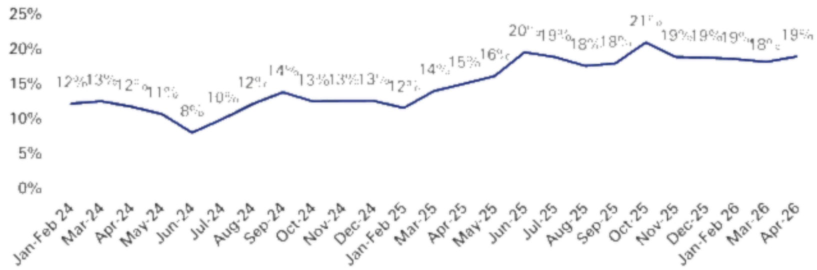
Source: National Energy Administration

Figure 12: China – power consumption breakdown (Apr 2026)



Source: National Energy Administration

Figure 13: Power consumption from IT sector - YoY

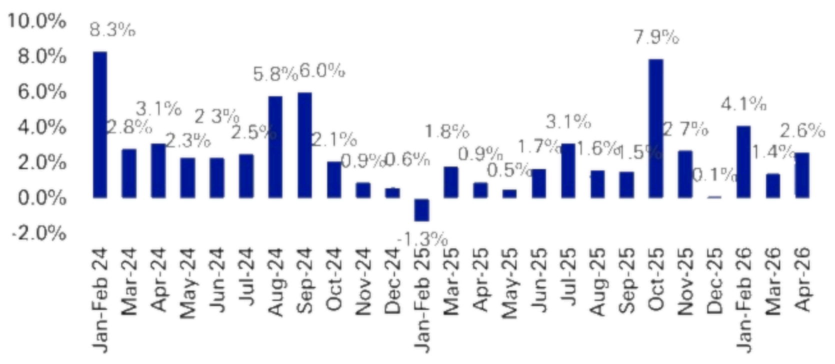


Source: WIND, National Energy Administration

Power supply - hydro momentum remains in the near term

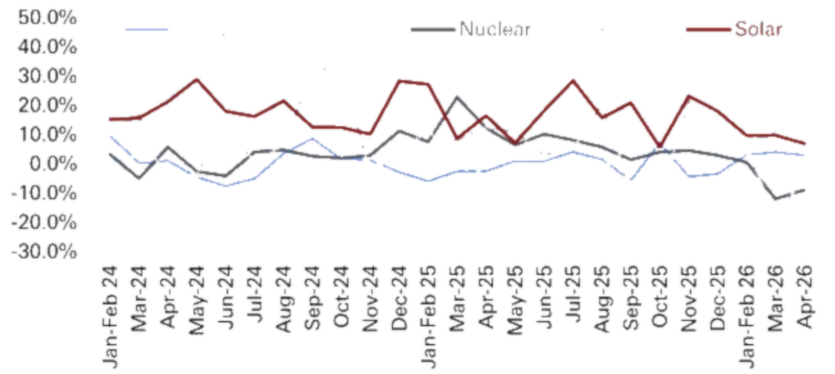
- China's total **power generation** volume increased by 2.6% YoY to 744bn kWh in Apr 2026, accelerating from the 1.4% YoY growth observed in Mar 2026. **Thermal** output experienced a slower but still positive YoY increase of 3.1% (vs. 4.2% YoY in Mar 2026). **Hydro** output continued to surge by 12.2% YoY (vs. 10.8% YoY in Mar 2026).
- **Solar** power output moderated to a 7.1% YoY in Apr 2026 (compared with +10% YoY in Mar 2026). **Wind** power output experienced a less severe decrease of 5% YoY in Apr 2026 (vs. -17.3% in March 2026). **Nuclear** power output saw a less pronounced drop of 8.7% YoY in Apr 2026 (vs. 11.8% YoY decrease in March 2026).

Figure 14: China – monthly total power generation volume (YoY)



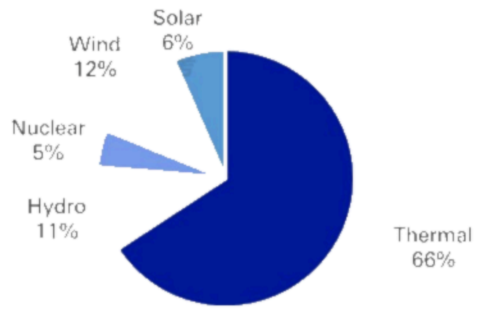
Source: National Bureau of Statistics

Figure 15: China – monthly power generation volume by fuel type (YoY)



Source : National Bureau of Statistics

Figure 16: China – power generation output breakdown (Apr 2026)

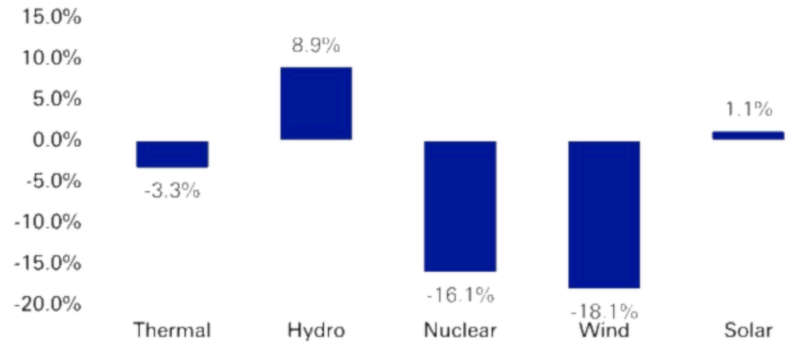


Source: National Bureau of Statistics

Power utilization

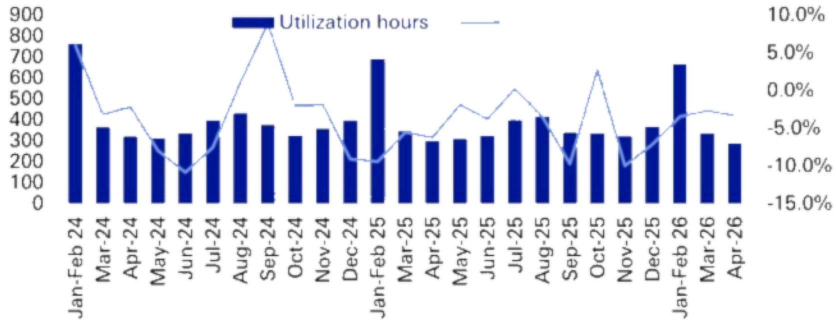
- **Thermal.** We calculate that thermal utilization hours decreased 3.3% YoY in April 2026, largely similar to the 2.6% YoY declines recorded in March 2026.
- **Hydro.** We calculate that hydro utilization hours increased by 8.9% YoY in April 2026.
- **Wind/solar/Nuclear.** In April 2026, Nuclear/Wind utilization decreased by 16.1%/18.1% YoY, while Solar utilization increased by 1.1% YoY, respectively, as per our calculations.

Figure 17: Utilization hours YoY change by fuel type in Apr 2026 (DBe)



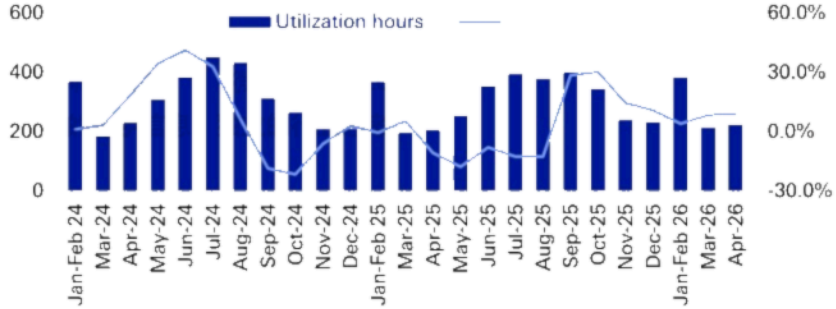
Source: Deutsche Bank estimates

Figure 18: Thermal power monthly utilization hours and YoY changes



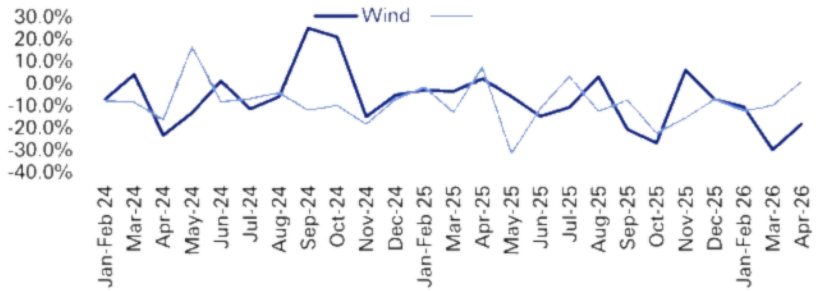
Source: National Energy Administration, Deutsche Bank estimates

Figure 19: Hydro power monthly utilization hours and YoY changes



Source: National Energy Administration, Deutsche Bank estimates

Figure 20: Wind/solar monthly utilization hours (YoY)

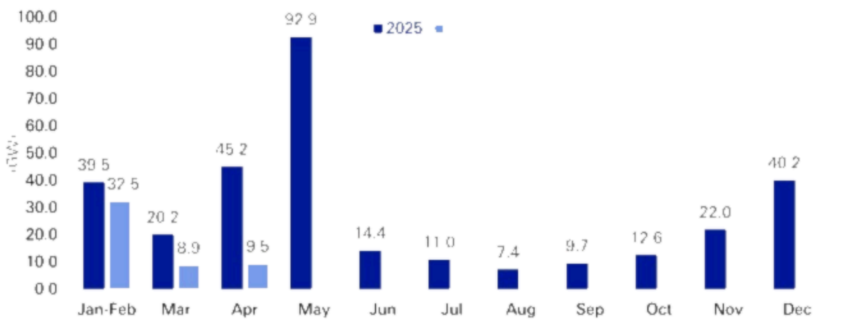


Source: National Energy Administration, Deutsche Bank estimates

Power capacities additions

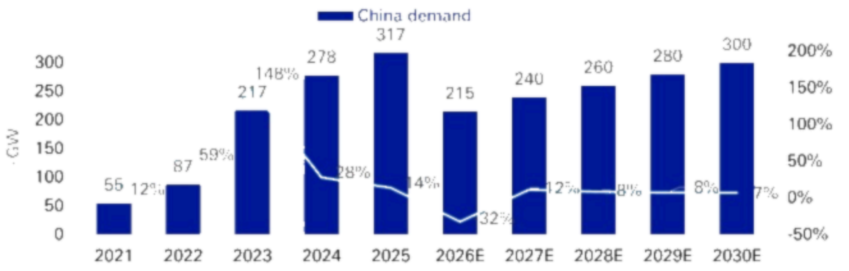
- **Solar.** China added 9.5GW of new solar power capacity in April 2026, down 79% YoY. For 2026, we estimate full-year solar installations at 215GW, down a 32% YoY.
- **Wind.** China added 5.5GW of wind power capacity in April 2026, marking a 3% YoY increase. We estimate China to add 110GW and 120GW of wind power capacities in 2026E and 2027E, respectively (vs. 119GW in 2025).
- **Thermal/hydro/nuclear.** In April 2026, China added 4.0GW of new thermal power capacity, up 6.4% YoY. For hydro, 1.0GW was added in April 2026, up 98.1% YoY. For nuclear, 2.4GW was added.

Figure 21: China - monthly solar installations



Source: National Energy Administration

Figure 22: China - annual solar installation demand estimates

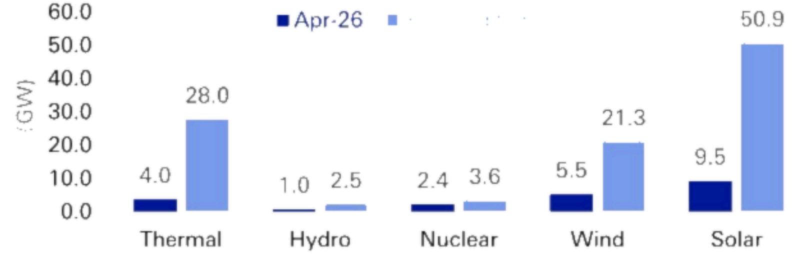


Source: National Energy Administration, Deutsche Bank estimate

Figure 23:China - monthly wind installations

Source: National Energy Administration

Figure 24: China - power capacity addition breakdown

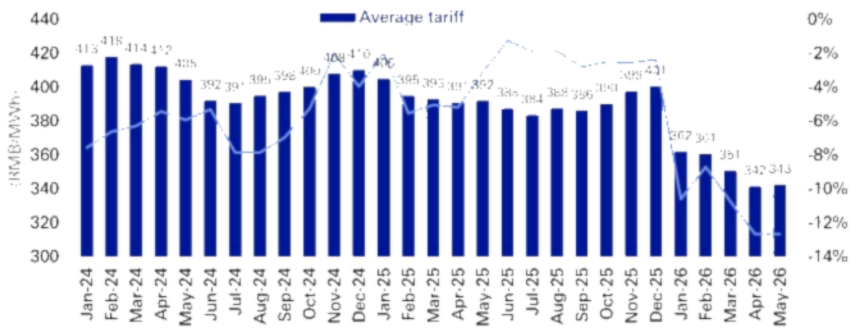


Source: National Energy Administration

Power tariffs and coal prices

- **Thermal market-based tariffs.** The average market-based tariff for January–May 2026 (based on volumes procured by power grid enterprises as purchasing agents) declined by 9-13% YoY, indicating continued weakness despite the recent rebound in coal prices.
- **Coal price.** Amidst considerable global energy price hikes, China's Qinhuangdao spot thermal coal price (5,500kcal) rose by 15% since late February (or 23% YTD in 2026). The average spot price in 5M26 was 5% higher than 5M25.

Figure 25: China's average monthly market-based power tariffs



Source: BJX News (calculated based on volume, with power grid enterprises acting as purchasing agents)

Figure 26: Qinhuangdao 5500kcal spot thermal coal price

Source : Bloomberg Finance LP

Valuation comparison - renewable operators

- Among China renewable operators, we like **China Resources Power (0836.HK)** and **China Yangtze Power (600900.SS)**.
- **China Resources Power** is supported by an above-power-peer dividend yield (>5%), with additional upside potential from AI-related load growth as data centre expansion lifts power demand.
- **China Yangtze Power** offers stable earnings and payout visibility given its hydro profile, with the key near-term variable being summer water inflows during the peak season. The stock trades at a FY26E dividend yield of ~4% or a ~230bps premium to China's 10-year government bond yield (close to past-five-year peak; vs. historical average premium of 110bps).
- Key risks are 1) worse-than-expected renewable power tariffs, 2) weaker-than-expected power demand, 3) higher-than-expected interest rate/finance cost.

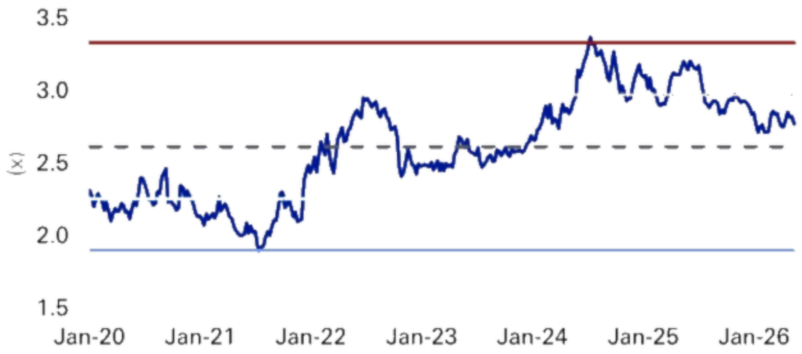
Figure 27: Valuation comparison - renewable operators

Company	BBG ticker	Market Cap (USD MN)	Rating	TP (LC)	Price (LC)	U/D	P/E (x) 2026E	P/E (x) 2027E	P/E (x) 2028E	P/B (x) 2026E	P/B (x) 2027E	P/B (x) 2028E	ROE (%) 2026E	ROE (%) 2027E	ROE (%) 2028E	Div yield (%) 2026E	Div yield (%) 2027E	Div yield (%) 2028E	EPS CAGR 2025-27E
Clean energy operators																			
China Yangtze Power	600900 CH	97,967	Buy	36.00	27.14	33%	17.4	16.5	15.6	2.8	2.6	2.5	16.4	16.4	16.4	4.1	4.3	4.5	7%
CR Power	836 HK	13,544	Buy	23.00	20.36	13%	8.1	7.2	6.6	0.9	0.8	0.8	11.2	11.8	12.0	5.3	5.6	6.1	0%
Longyuan Power	916 HK	15,876	Buy	8.10	6.42	26%	9.4	8.8	7.6	0.6	0.6	0.5	6.4	6.6	7.3	3.2	3.4	4.0	7%

Source: Deutsche Bank estimates (Prices as of 26 May 2026)

Renewable operators – one-year-forward P/B history

Figure 28: China Yangtze Power (600900.SS) – one-year-forward P/B history

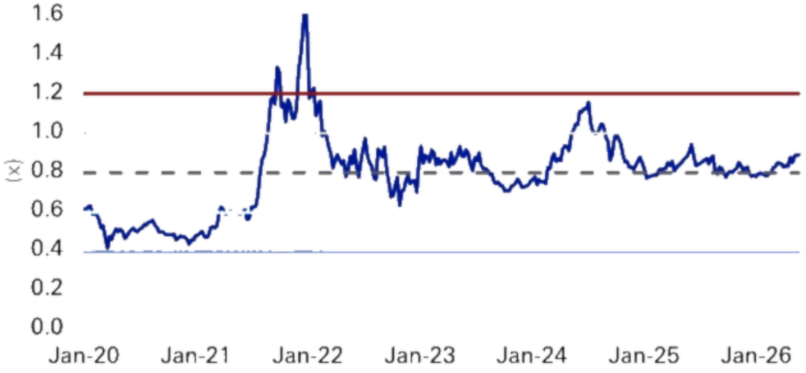


Source: Bloomberg Finance LP, Deutsche Bank estimates

Figure 29: Longyuan Power (0916.HK) – one-year-forward P/B history

Source: Bloomberg Finance LP, Deutsche Bank estimates

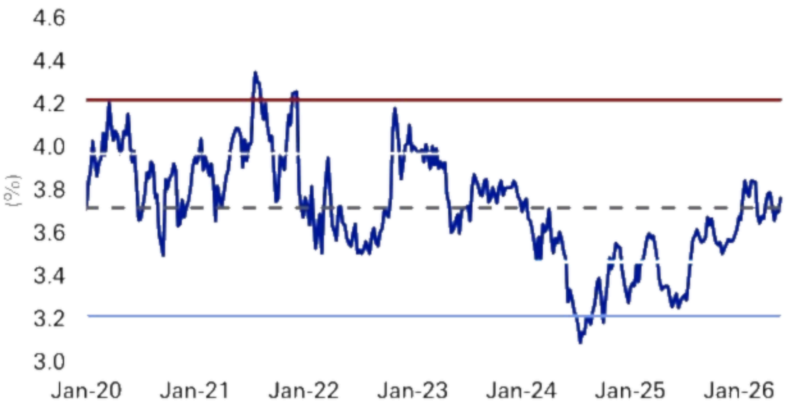
Figure 30: China Resources Power (0836.HK) – one-year-forward P/B history



Source: Bloomberg Finance LP, Deutsche Bank estimates

Renewable operators – dividend yield history

Figure 31: China Yangtze Power (600900.SS) – dividend yield history

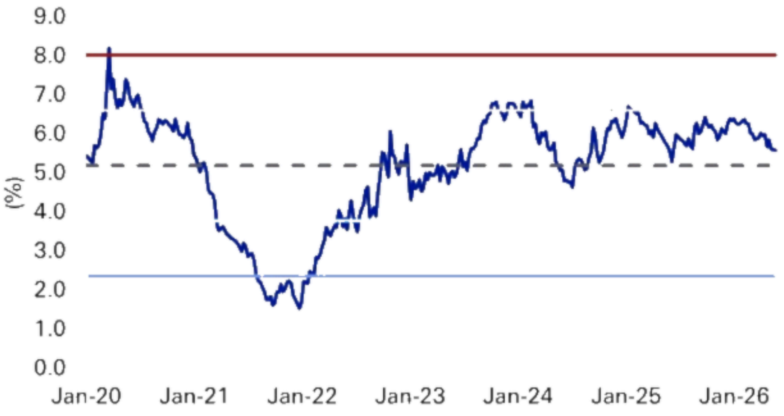


Source: Bloomberg Finance LP, Deutsche Bank estimates

Figure 32: Longyuan Power(0916.HK) – dividend yield history

Source: Bloomberg Finance LP, Deutsche Bank estimates

Figure 33: China Resources Power (0836.HK) – dividend yield history



Source: Bloomberg Finance LP, Deutsche Bank estimates

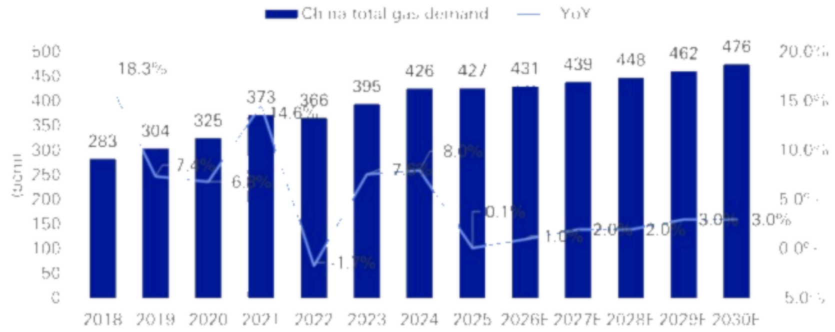
Gas demand trending weaker

- National demand data for April 2026 has yet to be released. In March 2026, mainland China's gas consumption declined 4.8% YoY to 34.1bn cubic metres. Meanwhile, according to Hong Kong's Census and Statistics Department, Hong Kong's gas consumption fell 5.9% YoY in March 2026.

Figure 34: China monthly natural gas demand (YoY)

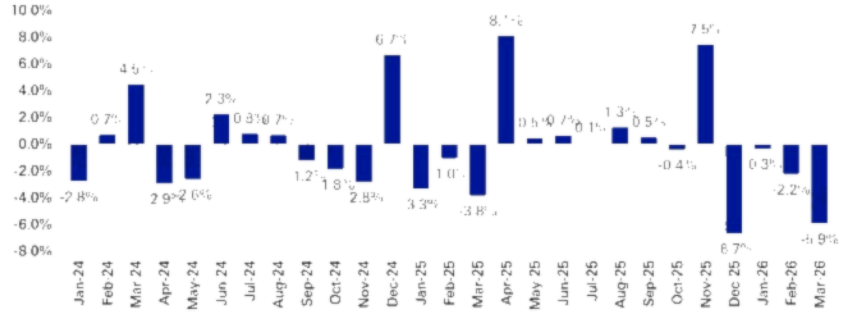
Source: NDRC

Figure 35: China annual gas demand



Source: NDRC

Figure 36: Hong Kong monthly gas demand (YoY)



Source: Census and Statistics Department of Hong Kong

China Gas - new share option scheme proposed

China Gas recently proposed a new 2026 Share Award Scheme with a scheme mandate limit of up to 10% of total issued shares (c.544.8m shares). Within this, the company conditionally granted 462m award shares to five executive directors (management team), subject to shareholder approval at an SGM. The scheme sets the following profit targets for vesting:

- ≥15% annual profit growth over FY26-FY31
- ≥101.14% cumulative profit growth over FY26-FY31

Figure 37: Grantees and number of award shares

Name	Position of the Board	Number of Award Shares	Approximate % of total issued Shares at the date of this announcement
Mr. LIU Ming Hui	Chairman, president and executive Director	270,000,000	4.96%
Mr. HUANG Yong	Executive Director	54,000,000	0.99%
Mr. ZHU Weiwei	Executive Director	48,000,000	0.88%
Dr. LIU Chang	Executive Director	45,000,000	0.83%
Dr. LIU Mingxing	Executive Director	45,000,000	0.83%
Others	Other employee	82,815,274	1.52%
Total		**544,815,274**	**10.00%**

Source: Company data

Figure 38: Profit targets for vesting

	Supplemental Announcement (10 May 2026)
Annual Target	No less than **15%** YoY profit increment (**FY2026-2031**)
Ultimate Target	No less than **101.14%** cumulative profit increase by **FY2031** (vs. FY2026)

Source: Company data

Valuation comparison - gas utilities

- Of the gas utilities, **China Gas Holdings (0384.HK)** is our top pick, mainly on its attractive dividend yield (6.7% FY26E), the highest among gas peers (~5%) and also one of the highest among utilities stocks under our coverage.

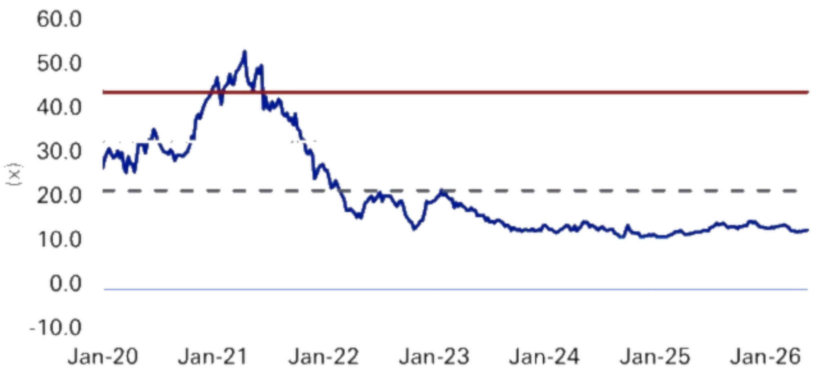
Figure 39: Valuation comparison - gas utilities

Company	BBG ticker	Market Cap (USD MN)	Rating	TP (LC)	Price (LC)	U/D	P/E (x) 2026E	P/E (x) 2027E	P/E (x) 2028E	P/B (x) 2026E	P/B (x) 2027E	P/B (x) 2028E	ROE (%) 2026E	ROE (%) 2027E	ROE (%) 2028E	Div yield (%) 2026E	Div yield (%) 2027E	Div yield (%) 2028E	EPS CAGR 2025-27E
Gas distributors																			
China Gas Holdings	384 HK	4,944	Buy	10.00	7.33	36%	12.3	11.7	11.7	0.7	0.7	0.7	6.0	6.3	6.3	6.7	6.7	6.7	6%
ENN Energy	2688 HK	7,981	Buy	75.00	56.50	33%	8.4	8.1	8.1	1.1	1.0	0.9	13.3	13.0	12.1	5.4	5.7	5.8	8%
China Resources Gas	1193 HK	5,387	Hold	18.50	18.61	-1%	12.1	11.8	11.2	0.9	0.9	0.9	7.8	7.8	8.0	5.1	5.3	5.5	1%

Source: Deutsche Bank estimates (prices as of 26 May 2026)

Gas utilities – one-year-forward P/E history

Figure 40: China Gas (0384.HK) - one-year-forward P/E history



Source: Bloomberg Finance LP, Deutsche Bank estimates

Figure 41: ENN Energy (2688.HK) - one-year-forward P/E history

Source: Bloomberg Finance LP, Deutsche Bank estimates

Figure 42: CR Gas (1193.HK) one year forward P/E history

Source: Bloomberg Finance LP, Deutsche Bank estimates

Gas utilities – Dividend yield history

Figure 43: China Gas (0384.HK) - Dividend yield history

Source : Bloomberg Finance LP, Deutsche Bank estimates

Figure 44: ENN Energy (2688.HK) - Dividend yield history

Source : Bloomberg Finance LP, Deutsche Bank estimates

Figure 45: CR Gas (1193.HK) - Dividend yield history

Source : Bloomberg Finance LP, Deutsche Bank estimates

Appendix 1

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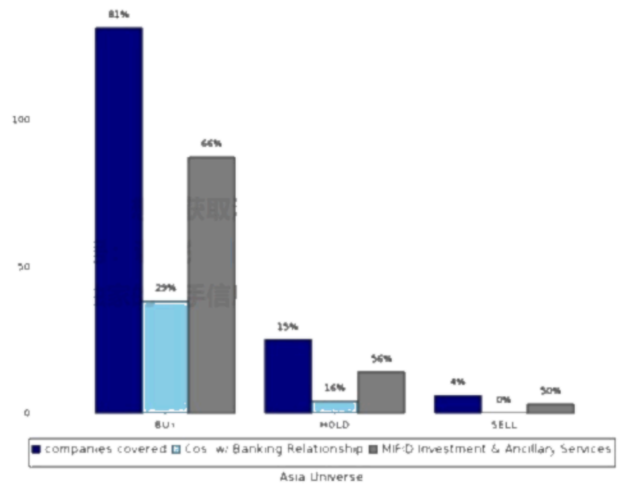
Equity rating dispersion and banking relationships



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The Equity Rating Dispersion Chart depicts the following:

The proportion of recommendations that are rated "buy", "sell" and "hold" over the previous 12 months. This is shown for securities issued in the stated region e.g. "Europe Universe". See rating definitions below. This is represented by the "Companies Covered" bars in the chart. The percentage value displayed above the bar is the proportion as a percentage. E.g. 50% above the "buy" / "Companies Covered" bar means that 50% of DB's equity research covered companies over the past 12 months have a "buy" rating.

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TSR = Total Shareholder Return. Percentage change in share price from current price to projected targe projected dividend yield

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