

CHINA SOLAR

2026 SNEC Takeaways: DESS emerges as bright spot against subdued Solar sentiment

We attended the 2026 SNEC (Shanghai New Energy Conference) in Shanghai during Jun 3-5, hosted meetings with management from 8 listed solar companies and talked with nearly 20 onsite tech/sales managers/industry experts across the solar value chain.

Overall we saw divergent sentiment among DESS (distributed energy storage system) players and Solar main value chain players this year. Specifically, we noticed larger showcase area and more booths for DESS companies while most of the leading Module players have downsized their booths and some Tier 2-3 players did not participate. We highlight our key takeaways below:

DESS order outlook is guided to continued qoq increase in 2H26 following a 60-70% qoq increase in 2Q26. Different from single-market driven growth in the past, the strong growth YTD was driven by multiple regions including South East Asia, Middle East, East Europe, Australia and Africa, and therefore mgmt. believed DESS demand recovery is likely to be more sustainable this time. Leading BESS companies we have spoken with are all running at full UTR currently and further order upside in 2H26 will be driven by their respective capacity expansion progress.

DESS margin outlook is guided steady despite the increase in lithium carbonate cost. The higher battery cost is expected to be largely digested by higher battery density and optimized product design. Specifically, unit production cost could decline by c.20% if upgrading battery type from 180Ah to 340Ah. Moreover, DESS companies are able to launch new products that are designed with a more economic cost structure to digest battery cost inflation.

2H26 Solar demand is poised for recovery in China and sustained strong momentum in overseas: Multiple Module players mentioned they see potential upside to China solar installation estimates in 2026 by the module companies to 220-240GW (vs. GSe of 235GW) from 200GW at beginning the year, implying over 30% yoy in 2H26. The strength is mainly driven by milder than expected impact from the [no.136 document](#) and better than expected distributed solar demand due to improved economics. In overseas, mgmt. highlighted strong demand YTD in Africa, South Korea, South East Asia, India, Australia and Africa, while Middle East and Brazil are seeing potential decline.

Near-term solar pricing as top concern with continued low-price strategy

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adopted by Tier 2 players: Although Tier 1 companies have been consistently guiding to uphold Module prices at current levels, some Tier 2 companies have recently started to adopt aggressive pricing strategy again to obtain more orders for operational cash inflow. In particular, price competition is getting more intensified in overseas and multiple companies estimated largely breakeven of their Middle East projects. For the upstream Poly segment, the pricing pressure appears more severe given the inventory depletion need and potential meaningful new supply from Tier 1 production restart starting from June.

Implication to GS coverage: Overall, the exhibition reinforces our view of potential solar demand inflection in 2H26 with potential upside risk in overseas. Across the solar value chain, we prefer Cell & Module (Buy on Longi) over Glass & Poly (Sell on Flat A/H, Tongwei).

