Morgan Stanley | RESEARCH

IDEA

June 14, 2026 08:05 PM GMT

China Merchants Energy Shipping Co. Ltd. | Asia Pacific

Research Tactical Idea

We believe the share price will rise in absolute terms over the next 60 days.

This is because the stock has traded off recently, making short term valuation much more compelling. Potential normalization of Middle East shipments could bring spot upside, supported by pent-up crude flows and restocking demand, as well as potential shortage of available vessel capacity in the region.

We estimate that there is about a 70% to 80% (or "very likely") probability for the scenario.

Estimated probabilities are illustrative and assigned subjectively based on our assessment of the likelihood of the scenario.

MORGAN STANLEY ASIA LIMITED+

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China Merchants Energy Shipping Co. Ltd. (601872.SS, 601872 CG)

Hong Kong/China Transportation & Infrastructure | China

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	Rmb25.10
Shr price, close (Jun 12, 2026)	Rmb15.60
52-Week Range	Rmb21.31-6.00
Sh out, dil, curr (mn)	8,075
Mkt cap, curr (mn)	Rmb125,962.8
EV, curr (mn)	Rmb134,837.5
Avg daily trading value (mn)	Rmb1,291

Valuation Methodology and Risks

China Merchants Energy Shipping Co. Ltd. (601872.SS)

Price/book, probability-weighted 25% bull, 60% base, 15% bear. The more positive skew toward our bull cases reflects VLCC's tight supply, more sanctions on the "dark fleet," and OPEC+ production hikes, despite downside risks from containers.

Target 2027e P/B multiples:

Base - 3.2x, 2.7SD above historical mean since 2009

Bull - 6.3x, 7.8SD above historical mean since 2009

Bear - 1.6x, 0.1SD above historical mean since 2009

Risks to Upside

- More crude oil shipping demand thanks to Hormuz reopening, or removal of sanctions on Iranian oil exports.
- Longer shipment distance for crude and dry bulks
- Potential OPEC+ production increase

Risks to Downside

- Weaker global economy leading to lower crude demand
- Lower-than-expected crude oil output from OPEC
- Weaker than expected infrastructure demand in China

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(as of May 31, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1542	42%	465	51%	30%	707	43%
Equal-weight/Hold	1571	43%	369	40%	23%	723	44%
Not-Rated/Hold	3	0%	0	0%	0%	1	0%
Underweight/Sell	551	15%	86	9%	16%	201	12%
Total	3,667		920			1632	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

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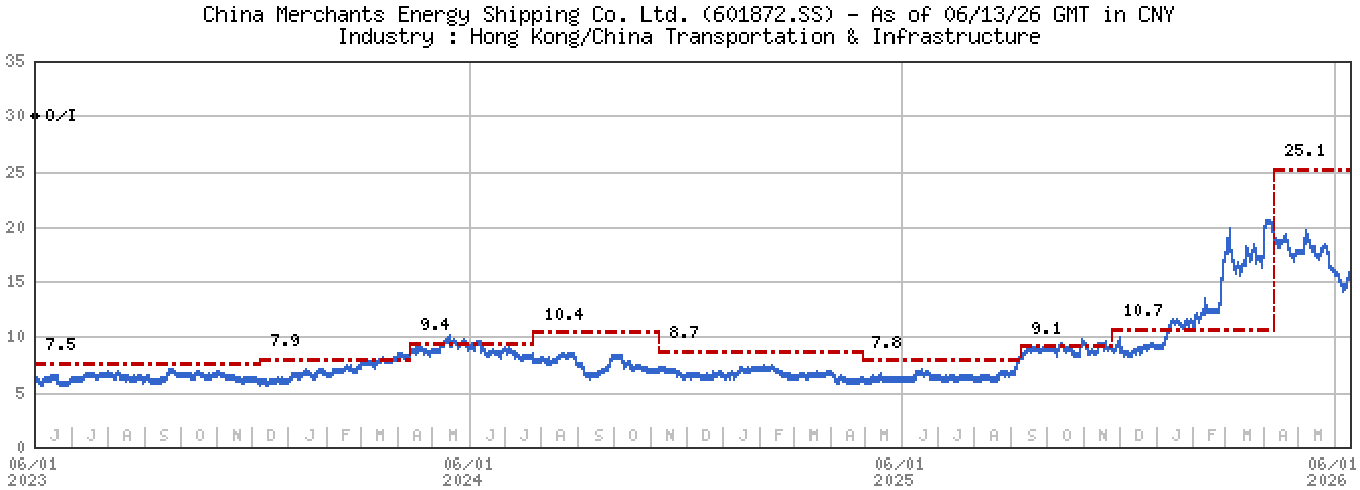
Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 6/1/21 : O/I

Price Target History: 4/27/20 : 7.87; 6/4/21 : 5.42; 11/30/21 : 5.6; 5/20/22 : 6.89; 6/10/22 : 8.22; 1/12/23 : 6.68; 2/28/23 : 8.3; 6/1/23 : 7.5; 12/7/23 : 7.9; 4/12/24 : 9.4; 7/25/24 : 10.4; 11/8/24 : 8.7; 4/28/25 : 7.8; 9/9/25 : 9.1; 11/25/25 : 10.7; 4/10/26 : 25.1

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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INDUSTRY COVERAGE: Hong Kong/China Transportation & Infrastructure

COMPANY (TICKER)	RATING (AS OF)	PRICE* (06/12/2026)
Qianlei Fan, CFA		
Air China Limited (601111.SS)	O (02/09/2026)	Rmb6.27
Air China Limited (0753.HK)	O (01/13/2025)	HK$4.44
Beijing-Shanghai High-Speed Railway (601816.SS)	O (07/03/2020)	Rmb5.00
BOC Aviation (2588.HK)	O (03/21/2022)	HK$77.05
Cathay Pacific Airways (0293.HK)	O (06/10/2026)	HK$11.86
China Eastern Airlines (600115.SS)	O (02/09/2026)	Rmb3.90
China Eastern Airlines (0670.HK)	O (01/13/2025)	HK$3.42
China Merchants Energy Shipping Co. Ltd. (601872.SS)	O (03/10/2020)	Rmb15.60
China Southern Airlines (600029.SS)	O (02/09/2026)	Rmb5.27
China Southern Airlines (1055.HK)	O (01/13/2025)	HK$3.61
COSCO SHIPPING Energy Transportation (1138.HK)	O (01/12/2023)	HK$14.23
COSCO SHIPPING Energy Transportation (600026.SS)	O (11/25/2025)	Rmb17.50
COSCO Shipping Holdings Ltd (601919.SS)	U (07/15/2024)	Rmb14.57
COSCO Shipping Holdings Ltd (1919.HK)	U (07/15/2024)	HK$14.15
J&T Global Express Ltd (1519.HK)	E (08/21/2024)	HK$8.50
Orient Overseas (International) Ltd (0316.HK)	U (07/15/2024)	HK$130.70
Pacific Basin Shipping (2343.HK)	E (07/04/2025)	HK$3.10
S.F. Holding Co Ltd (002352.SZ)	E (09/01/2025)	Rmb34.36
SITC International Holdings Company (1308.HK)	E (01/12/2023)	HK$34.48
Spring Airlines (601021.SS)	O (08/31/2015)	Rmb45.55
TravelSky Technology (0696.HK)	U (01/13/2025)	HK$9.06
ZTO Express (ZTO.N)	O (11/21/2016)	US$22.83
Tenny Song		
Beijing Capital Int'l Airport (0694.HK)	U (09/23/2025)	HK$1.69
Guangzhou Baiyun Int'l Airport (600004.SS)	U (06/10/2026)	Rmb8.26
JD Logistics, Inc. (2618.HK)	O (03/09/2026)	HK$13.01

Shanghai International Airport (600009.SS)	E (09/23/2025)	Rmb24.28
STO Express Co Ltd (002468.SZ)	E (10/22/2024)	Rmb14.08
YTO Express Group Co Ltd (600233.SS)	O (09/11/2025)	Rmb17.17
YUNDA Holding Co Ltd (002120.SZ)	U (07/29/2020)	Rmb6.64

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