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Maxwell Technology (300751.SZ)

High Solar Cell & Semiconductor Equipment Demand; Expensive on PE

CITI'S TAKE

We raise our Maxwell 2027-28E net profit estimates by 107-114%, factoring in high expectation for its order intake this year, as guided by the company, owing to (i) overseas HJT solar cell capacity expansion; and (ii) ramp-up of semiconductor and display equipment sales. Specifically, we assume its solar equipment orders to reach Rmb6.0bn (up >50% yoy) in 2026E and semi equipment orders to double yoy to Rmb3.5-4.0bn this year. We also believe its margin could expand, including +22.5ppts yoy to 50.9% in 1Q26, on a higher sales mix from overseas and the semi equipment business. Our DCF-based target price is +37.5% to Rmb165/share after the earnings upgrade, but we keep our Sell rating since Maxwell's 48.0x 2027E PE looks high to us despite a 57.3% 2026-28E EPS CAGR.

More HJT solar equipment demand; wild card from space solar — We assume Maxwell's solar equipment orders to exceed its target of Rmb6.0bn in 2026E, up more than 50% yoy from less than Rmb4.0bn in 2025, with solid new order flow year-to-date according to management. The new orders were mostly from abroad, for HJT solar cell equipment. Unit values are Rmb400-500m/GW for the HJT cell production lines. We regard HJT technology a popular candidate for future space-based solar application given its advantages of lightweight and competitive cost.

Rapid growth of semiconductor equipment orders — Maxwell guided for orders for its semi/display equipment to double yoy from Rmb1.8bn in 2025 to Rmb3.5-4.0bn in 2026, mainly boosted by more demand for high-selectivity etching and ALD film deposition equipment for front-end process, as well as cutting, grinding, and polishing equipment for back-end process. It sells mostly to domestic customers.

Margin expansions — Maxwell's GP margin +22.5ppts yoy to 50.9% in 1Q26, boosted by a higher sales mix of solar cell equipment from overseas and more revenue from semiconductor equipment business. It expects GP margin to stay >40% for solar equipment, 40-45% for front-end semi equipment and 35-40% for back-end equipment. We assume its GP margin +10.2ppts yoy to 48.8% in 2026E.

High PER — Maxwell is trading at 48.0x 2027E PE, above the 35.8x average for its solar equipment peers but below the 65.4x average for semiconductor equipment makers. Its orders are 60% from solar and 40% semiconductor-related.

Earnings Summary

Year to 31 Dec	Net Profit (RmbM)	Diluted EPS (Rmb)	EPS growth (%)	P/E (x)	P/B (x)	ROE (%)	Yield (%)
2024A	926	3.316	1.2	66.5	8.2	12.6	0.3
2025A	722	2.583	-22.1	85.4	7.8	9.3	0.2
2026E	681	2.439	-5.6	90.5	7.3	8.3	0.2
2027E	1,284	4.596	88.4	48.0	6.4	14.2	0.4
2028E	1,686	6.033	31.3	36.6	5.6	16.3	0.5

Source: Powered by dataCentral

Sell	
Price (18 Jun 26 15:00)	Rmb220.640
Target price	Rmb165.000↑
from Rmb120.000	
Expected share price return	-25.2%
Expected dividend yield	0.2%
Expected total return	-25.0%
Market Cap	Rmb61,537M
	US$9,091M

Price Performance
(RIC: 300751.SZ, BB: 300751 CH)

China Solar Sector

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Air Ma

See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations.

300751.SZ: Fiscal year end 31-Dec

Price: Rmb220.640; TP: Rmb165.000; Market Cap: Rmb61,537m; Recomm: Sell

Profit & Loss (Rmbm)	2024	2025	2026E	2027E	2028E
Sales revenue	9,830	8,152	6,094	8,551	9,972
Cost of sales	-7,067	-5,004	-3,121	-4,897	-5,863
Gross profit	2,764	3,148	2,973	3,653	4,109
Gross Margin (%)	28.1	38.6	48.8	42.7	41.2
EBITDA (Adj)	**1,078**	**1,160**	**1,206**	**1,979**	**2,498**
EBITDA Margin (Adj) (%)	11.0	14.2	19.8	23.1	25.0
Depreciation	-141	-232	-342	-518	-642
Amortisation	-53	-62	-62	-62	-62
EBIT (Adj)	**884**	**866**	**802**	**1,398**	**1,793**
EBIT Margin (Adj) (%)	9.0	10.6	13.2	16.4	18.0
Net interest	87	-83	-57	-47	-38
Associates	24	-6	-6	-6	-6
Non-Op/Except/Other Adj	35	-53	-56	-59	-62
Pre-tax profit	**1,030**	**723**	**682**	**1,286**	**1,688**
Tax	-67	-34	-32	-60	-78
Extraord./Min.Int./Pref.div.	-38	33	31	58	76
Reported net profit	**926**	**722**	**681**	**1,284**	**1,686**
Net Margin (%)	9.4	8.9	11.2	15.0	16.9
Core NPAT	926	722	681	1,284	1,686
Per share data	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Reported EPS (Rmb)	3.316	2.583	2.439	4.596	6.033
Core EPS (Rmb)	3.316	2.583	2.439	4.596	6.033
DPS (Rmb)	0.600	0.500	0.472	0.890	1.168
CFPS (Rmb)	0.201	-2.498	11.644	11.479	11.716
FCFPS (Rmb)	-2.555	-4.819	2.696	2.532	8.137
BVPS (Rmb)	27.025	28.377	30.316	34.439	39.583
Wtd avg ord shares (m)	279	279	279	279	279
Wtd avg diluted shares (m)	279	279	279	279	279
Growth rates	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Sales revenue (%)	21.5	-17.1	-25.2	40.3	16.6
EBIT (Adj) (%)	0.4	-2.1	-7.3	74.3	28.3
Core NPAT (%)	1.3	-22.1	-5.6	88.4	31.3
Core EPS (%)	1.2	-22.1	-5.6	88.4	31.3
Balance Sheet (Rmbm)	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Cash & cash equiv.	4,791	4,577	5,082	5,559	7,496
Accounts receivables	4,081	4,190	3,633	4,395	4,579
Inventory	8,923	6,114	5,952	6,654	7,484
Net fixed & other tangibles	3,536	3,887	6,096	8,129	8,538
Goodwill & intangibles	277	302	234	181	141
Financial & other assets	2,229	2,476	2,469	2,463	2,457
Total assets	**23,838**	**21,546**	**23,467**	**27,382**	**30,695**
Accounts payable	3,347	2,453	1,102	3,071	3,918
Short-term debt	1,044	321	321	321	321
Long-term debt	1,960	4,520	4,520	4,520	4,520
Provisions & other liab	9,960	6,364	9,124	9,977	11,081
Total liabilities	**16,311**	**13,657**	**15,067**	**17,889**	**19,840**
Shareholders' equity	7,551	7,929	8,470	9,623	11,060
Minority interests	-24	-40	-71	-129	-205
Total equity	**7,526**	**7,889**	**8,400**	**9,494**	**10,855**
Net debt (Adj)	**-1,788**	**264**	**-242**	**-719**	**-2,655**
Net debt to equity (Adj) (%)	-23.7	3.3	-2.9	-7.6	-24.5

Valuation ratios	2024	2025	2026E	2027E	2028E
PE (x)	66.5	85.4	90.5	48.0	36.6
PB (x)	8.2	7.8	7.3	6.4	5.6
EV/EBITDA (x)	54.4	51.5	50.1	30.3	23.5
FCF yield (%)	-1.2	-2.2	1.2	1.1	3.7
Dividend yield (%)	0.3	0.2	0.2	0.4	0.5
Payout ratio (%)	18	19	19	19	19
ROE (%)	12.6	9.3	8.3	14.2	16.3
Cashflow (Rmbm)	**2024**	**2025**	**2026E**	**2027E**	**2028E**
EBITDA	1,593	1,874	1,906	2,479	2,998
Working capital	-1,722	-2,504	2,129	1,357	937
Other	185	-68	-782	-628	-661
Operating cashflow	**56**	**-698**	**3,253**	**3,207**	**3,274**
Capex	-770	-648	-2,500	-2,500	-1,000
Net acq/disposals	253	-512	-51	-51	-51
Other	217	51	0	0	0
Investing cashflow	**-300**	**-1,110**	**-2,551**	**-2,551**	**-1,051**
Dividends paid	-453	-187	-140	-132	-249
Financing cashflow	**1,924**	**1,618**	**-197**	**-179**	**-286**
Net change in cash	**1,689**	**-318**	**505**	**477**	**1,936**
Free cashflow to s/holders	**-713**	**-1,346**	**753**	**707**	**2,274**

For definitions of the items in this table, please click here.

Semiconductor Equipment Orders Could Double YoY in 2026E

Maxwell aims to obtain new orders of Rmb3.5-4.0bn for semiconductor and display equipment in 2026, up from Rmb1.8bn in 2025. The company's revenue from semiconductor and display equipment sales was +887.0% yoy to Rmb662m in 2025, with the revenue mix up 7.4ppts yoy to 8.1%. Segment GP margin -6.2ppts yoy to 45.5% last year.

Figure 1. Semiconductor industry value chain

Upstream: Materials and Equipment	Midstream: Manufacturing	Downstream: Application
Semiconductor Materials • Silicon Wafer (硅片) • Photoresist (光刻胶) • Photomask (光掩膜) • Wet Electronic Chemicals (湿电子化学品) • Sputtering Target Material (溅射靶材) • Packaging Materials (封装材料)	**Core Manufacturing Process** • IC Design (IC设计) • Chip Manufacturing (芯片制造) • Chip Packaging and Testing (芯片封测)	• Consumer Electronics (消费电子) • Industrial Electronics (工业电子) • Artificial Intelligence (人工智能) • Internet of Things (物联网) • New Energy (新能源) • Big Data (大数据)
Semiconductor Equipment • Lithography Equipment (光刻设备) • Etching Equipment (刻蚀设备) • Thin Film Deposition Equipment (薄膜沉积设备) • Ion Implantation Equipment (离子注入设备) • Grinding and Thinning Equipment (研磨减薄设备) • Bonding Equipment (键合设备) • Testing Equipment (检测设备)	**Final Products** • Discrete Devices (分立器件) • Integrated Circuits (集成电路) • Sensors (传感器) • Optoelectronics (光电子)	

Source: Company Reports, Citi Research

Maxwell expects new orders for its front-end chip manufacturing equipment to increase by 1.5x yoy, from Rmb800m in 2025 to Rmb2.0bn in 2026, mainly contributed by demand for its etching and thin film deposition equipment. **For etching equipment**, Maxwell targets the niche subsector of high-selectivity etching systems and provides a high-selectivity silicon dioxide etching system. The company estimated that the total market size of such equipment was Rmb1.0-1.5bn in 2025 in China; Maxwell secured more than Rmb400m in orders last year, accounting for more than half of its total front-end equipment orders. The company expects this market to grow to over Rmb4.0bn by 2029 in China. **For film deposition equipment**, Maxwell mainly provides atomic layer deposition (ALD) equipment. It had an estimated total market size of Rmb1bn in 2025 in China and is expected to grow to Rmb3.5-4.0bn in 2026. The lead time for equipment is on average 1-1.5 years, according to the company.

Maxwell's product strategy is differentiated. For instance, whil consumption volume of selective etching equipment is relatively of this technology could grow significantly across both memory sectors, as technology nodes advance. The company's select etching process is a form of dry chemical etching that minimizes physical damage caused by ion bombardment, thereby meeting customer requirements for high-precision, low-damage etching processes. Based on the same rationale, Maxwell has selected ALD as the major technological route of its thin-film deposition equipment. ALD technology can effectively address technical challenges such as deep vias, lateral nanoscale channels, and film deposition within increasingly tight pitches. Maxwell is expanding its product portfolio of front-end equipment. It has launched the PEALD SiN equipment and high-pressure, high-selectivity etching equipment since 2026.

Maxwell assumes new orders for its back-end packaging process equipment to double yoy from Rmb1.0bn in 2025 to around Rmb2.0bn in 2026. The company offers a wide range of products, including cutting, grinding, and polishing equipment, bonding equipment, and complete production line equipment for MLED/OLED. A majority of its current orders are cutting, grinding, and polishing equipment. The lead time for back-end equipment is on average one year.

Maxwell targets to achieve mature GP margins of 40-45% for front-end equipment and 35-40% for back-end equipment. Its accounts receivable collection from semiconductor customers are often faster than those from photovoltaic customers, since the profitability of the former is generally better than the latter's.

Figure 2. Semiconductor Equipment Market Revenue by Region

Region (US$bn)	2024	2025	YoY
China Mainland	49.6	49.3	-0.5%
Taiwan	16.6	31.5	90.2%
Korea	20.5	25.8	25.8%
North America	13.7	10.9	-20.5%
Japan	7.8	9.5	21.6%
Europe	4.9	2.9	-41.0%
Rest of the World	4.2	5.2	24.8%
Total	**117.1**	**135.1**	**15.3%**

Source: SEMI and SEAJ, April 2026, Citi Research

Global sales of semiconductor equipment increased 15% to US$135.1 billion in 2025 from US$117.1 billion in 2024 driven by continued investment in advanced logic, memory, and AI-related capacity expansion, according to SEMI. China mainland accounted for the largest share of US$49.3billion, or 36.5%, in 2025. Last year, the global front-end semiconductor equipment market posted solid growth, with wafer processing equipment sales increasing 12% and other front-end segments rising 13%. The expansion was driven primarily by continued investment in leading-edge logic and memory capacity, supported by AI-related demand and ongoing node and technology migrations. The back-end equipment segment also recorded strong growth in 2025. Test equipment billings surged 55% yoy as AI devices and high-bandwidth memory (HBM) increased performance requirements and test intensity, while assembly and packaging equipment sales rose 21% as adoption of advanced packaging technologies continued to expand.

High HJT Equipment Demand from Abroad

We believe Maxwell's solar equipment orders are likely to exceed the company's original guidance of Rmb6.0bn in 2026, as the company has obtained more-than-expected orders since 1Q26. It is also a significant increase from less than Rmb4.0bn in 2025. A majority of the orders were for HJT equipment from overseas customers. The company expects GP margin to stay above 40% for overseas sales.

In terms of Perovskite solar equipment, Maxwell focuses on the development of Perovskite heterojunction tandem solar cell equipment. It aims to deliver 8-10 trial production lines this year.

Maxwell budgeted Rmb5.0bn for capacity expansion in the coming two years, including Rmb3.5bn for Perovskite solar equipment and Rmb1.5bn for semiconductor equipment.

Valuation comparison with solar and semi equipment suppliers

Figure 3. Valuation comparison of solar and semiconductor equipment suppliers

IBES consensus for NR companies.

Company name	Stock code	Rating	Share price	Target price	Mkt cap	P/E (x)		P/B (x)		ROE (%)		Yield (%)		Net debt-to-equity (%)	
			18-Jun-26		(USDm)	2026E	2027E	2026E	2027E	2026E	2027E	2026E	2027E	2026E	2027E
Solar Equipment Players															
Maxwell	300751.SZ	Sell	Rmb220.64	Rmb165.00	9,091	90.5	48.0	7.3	6.4	8.3%	14.2%	0.2%	0.4%	-2.9%	-7.6%
Shenzhen SC	300724.SZ	NR	Rmb72.88	n.a.	3,750	22.1	20.5	1.8	1.7	9.3%	9.5%	0.9%	0.9%	n.a.	n.a.
Autowell	688516.SS	NR	Rmb61.72	n.a.	2,875	29.0	25.8	4.3	3.8	13.0%	13.5%	2.5%	2.4%	n.a.	n.a.
Jingsheng Mechanical & Electrical	300316.SZ	NR	Rmb53.89	n.a.	10,425	63.6	55.8	3.9	3.8	6.5%	7.0%	0.3%	0.4%	n.a.	n.a.
LAPLACE	688726.SS	NR	Rmb55.88	n.a.	3,346	34.1	29.0	4.8	4.1	14.0%	14.2%	0.0%	0.0%	n.a.	n.a.
Sector average					**5,897**	**47.8**	**35.8**	**4.4**	**4.0**	**10.2%**	**11.7%**	**0.8%**	**0.8%**	**-2.9%**	**-7.6%**
Semiconductor Equipment Players															
NAURA Technology	002371.SZ	Buy	Rmb721.04	Rmb695.00	77,206	71.2	55.9	11.8	9.9	17.8%	19.2%	0.1%	0.2%	-13.0%	-14.7%
AMEC	688012.SS	Buy	Rmb360.00	Rmb280.54	49,829	111.0	79.7	13.7	11.8	13.0%	15.9%	0.1%	0.1%	-28.7%	-27.1%
AccoTEST	688200.SS	Buy	Rmb375.00	Rmb302.03	11,111	93.0	67.6	15.9	13.4	18.4%	21.6%	0.3%	0.4%	-48.9%	-49.2%
Han's Laser Technology	002008.SZ	Buy	Rmb134.90	Rmb155.00	20,518	63.3	43.1	7.2	6.3	12.0%	15.6%	0.3%	0.4%	-8.1%	-10.3%
Piotech	688072.SS	NR	Rmb734.00	n.a.	30,653	118.5	80.7	26.1	20.9	21.3%	23.6%	0.1%	0.1%	n.a.	n.a.
Sector average					**37,864**	**91.4**	**65.4**	**14.9**	**12.5**	**16.5%**	**19.2%**	**0.2%**	**0.3%**	**-24.7%**	**-25.3%**

Source: Company Reports, IBES, Citi Research Estimates

2027-28E Earnings Lifted 107-114%

Figure 4. Maxwell earnings forecast revision – New vs. Old

	New	Old	% change
Revenue (Rmbm)			
2026E	6,094	7,338	-16.9%
2027E	8,551	7,268	17.7%
2028E	9,972	8,110	23.0%
Gross profit (Rmbm)			
2026E	2,973	2,824	5.3%
2027E	3,653	2,785	31.2%
2028E	4,109	3,104	32.4%
GP margin			
2026E	48.8%	38.5%	10.3ppts
2027E	42.7%	38.3%	4.4ppts
2028E	41.2%	38.3%	2.9ppts
Net profit (Rmbm)			
2026E	681	668	1.9%
2027E	1,284	622	106.5%
2028E	1,686	786	114.3%
NP margin			
2026E	11.2%	9.1%	2.1ppts
2027E	15.0%	8.6%	6.5ppts
2028E	16.9%	9.7%	7.2ppts
EPS (Rmb)			
2026E	2.44	2.40	1.6%
2027E	4.60	2.23	105.8%
2028E	6.03	2.82	113.6%
DCF (Rmb)	**165.00**	**120.00**	**37.5%**
Rating	Sell	Sell	

Source: Citi Research

We raise our Maxwell 2027-28E net profit estimates by 107-114%, factoring in the high expectation for its order intake this year; our DCF-based target price is +37.5% to Rmb165.00/share for higher earnings assumptions.

Figure 5. Maxwell net profit forecast – Citi vs consensus

Net profit (Rmbm)	Citi	Consensus	% diff
2026E	681	953	-28.5%
2027E	1,284	1,366	-6.0%
2028E	1,686	1,899	-11.2%

Source: Citi Research, Bloomberg

Our 2026-28E net profits are 6-29% below consensus (Bloomberg) likely for lower revenue assumed.

Key Assumptions

Figure 6. Key Assumptions

	2024	2025	2026E	2027E	2028E
New HJT cell capacity orders (MW)	20,000	10,000	16,000	16,000	16,000
Unit order value (Rmbm/GW)	350	450	450	450	450
Maxwell's market share (%)	*80.0%*	*80.0%*	*80.0%*	*80.0%*	*80.0%*
Contract liability amount (Rmbm)	8,200	4,316	7,077	7,929	9,034
Contract liability turnover	1.18	1.30	1.40	1.20	1.25
Revenue (Rmbm)	9,830	8,152	6,094	8,551	9,972
YoY %	*21.5%*	*-17.1%*	*-25.2%*	*40.3%*	*16.6%*
GP margin	28.1%	38.6%	48.8%	42.7%	41.2%

Source: Citi Research, Company Reports

DCF Valuation

Figure 7. DCF Valuation

		2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Free Cash Flow											
Profit after tax		**651**	**1,226**	**1,610**	**1,868**	**2,210**	**2,456**	**2,708**	**2,978**	**3,273**	**3,598**
Depreciation and amortisation		410	571	683	746	810	877	944	1,013	1,082	1,152
Other non-cash items		64	54	44	5	-41	-81	-147	-214	-289	-375
Change in working capital		2,129	1,357	937	1,083	394	1,434	1,237	1,399	1,581	1,786
Capital expenditure		-2,500	-2,500	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000
Free Cash Flow		**753**	**707**	**2,274**	**2,703**	**2,373**	**3,686**	**3,743**	**4,176**	**4,647**	**5,161**
Terminal value											
Terminal growth rate	4.0%										
Terminal WACC	10.6%										
Estimated terminal value	5,367										
NPV of terminal value	29,832										
DCF valuation											
NPV of FCF	15,957										
NPV of terminal value	29,832										
Enterprise value	45,788										
Net cash	243										
Minority interest	71										
Equity value	46,102										
No. of shares	279										
Equity value per share (Rmb)	**165.000**										

Source: Citi Research

Financial Statements and Key Ratios

Figure 8. Consolidated Income Statements

(Rmbm)	2024	2025	2026E	2027E	2028E
Turnover	**9,830**	**8,152**	**6,094**	**8,551**	**9,972**
COGS	-7,067	-5,004	-3,121	-4,897	-5,863
Gross profit	**2,764**	**3,148**	**2,973**	**3,653**	**4,109**
Tax and surcharges	-35	-43	-32	-45	-52
SG&A expenses	-1,609	-1,693	-1,607	-1,879	-1,932
Other income	280	168	168	168	168
Impairment losses	-516	-714	-700	-500	-500
Operating profit	**884**	**866**	**802**	**1,398**	**1,793**
Other expenses, gains and losses	35	-53	-56	-59	-62
Share of profit of JV and associates	24	-6	-6	-6	-6
Finance costs	87	-83	-57	-47	-38
Profit before tax	**1,030**	**723**	**682**	**1,286**	**1,688**
Income tax	-67	-34	-32	-60	-78
Profit after tax	964	689	651	1,226	1,610
Minority interests	-38	33	31	58	76
Profit attributable to shareholders	**926**	**722**	**681**	**1,284**	**1,686**
yoy growth	1.3%	-22.1%	-5.6%	88.4%	31.3%

Source: Citi Research, Company Reports

Figure 9. Consolidated Balance Sheet

(Rmbm)	2024	2025	2026E	2027E	2028E
Cash balance	4,773	4,455	4,960	5,437	7,374
Restricted cash	18	122	122	122	122
Accounts receivables	4,081	4,190	3,633	4,395	4,579
Inventories	8,923	6,114	5,952	6,654	7,484
Other current assets	1,227	1,451	1,451	1,451	1,451
Total current assets	**19,022**	**16,331**	**16,118**	**18,059**	**21,010**
PP&E	2,718	3,142	5,351	7,384	7,793
Intangible assets and goodwill	277	302	234	181	141
Interests in associates and JV	79	69	62	56	50
Others non-current assets	1,742	1,702	1,702	1,702	1,702
Non-current assets	**4,815**	**5,215**	**7,349**	**9,323**	**9,685**
Total assets	**23,838**	**21,546**	**23,467**	**27,382**	**30,695**
Short-term debts	1,044	321	321	321	321
Accounts payable	3,347	2,453	1,102	3,071	3,918
Customer deposits	8,200	4,316	7,077	7,929	9,034
Other current liabilities	1,545	1,794	1,794	1,794	1,794
Total current liabiltiies	**14,136**	**8,885**	**10,295**	**13,116**	**15,067**
Long-term debts	1,959	4,519	4,519	4,519	4,519
Convertible bond	-	-	-	-	-
Other non-current liabilities	215	254	254	254	254
Total non-current liabilities	**2,175**	**4,773**	**4,773**	**4,773**	**4,773**
Equity capital	279	279	279	279	279
Other reserves	4,095	4,057	4,057	4,057	4,057
Convertible bond	-	-	-	-	-
Retained earnings	3,177	3,592	4,134	5,286	6,723
Total shareholders' equity	**7,551**	**7,929**	**8,470**	**9,623**	**11,060**
Minority interests	(24)	(40)	(71)	(129)	(205)
Total equity	7,526	7,889	8,400	9,494	10,855
Total liabilities and equity	**23,838**	**21,546**	**23,467**	**27,382**	**30,695**

Source: Citi Research, Company Reports

Figure 10. Consolidated Cash flow Statements

(Rmbm)	2024	2025	2026E	2027E	2028E
Profit after tax	**964**	**689**	**651**	**1,226**	**1,610**
Depreciation	141	232	342	518	642
Amortization	53	62	68	53	41
Interest expense	60	249	57	47	38
Others	561	573	6	6	6
Change in working capital					
Inventory	1,549	2,598	162	(703)	(830)
Receivables	(831)	(538)	557	(762)	(184)
Payables	(2,439)	(4,564)	1,410	2,821	1,951
Cash flow from operation	**56**	**(698)**	**3,253**	**3,207**	**3,274**
Capex	(770)	(648)	(2,500)	(2,500)	(1,000)
Free cash flow	**(713)**	**(1,346)**	**753**	**707**	**2,274**
Others investing activities	470	(461)	(51)	(51)	(51)
Cash flow from investment	**(300)**	**(1,110)**	**(2,551)**	**(2,551)**	**(1,051)**
Changes in borrowings	2,488	3,742	-	-	-
Equity issuance	21	5	-	-	-
MI increase	-	-	-	-	-
Dividends paid	(453)	(187)	(140)	(132)	(249)
Interest expense	(60)	(249)	(57)	(47)	(38)
Others	(72)	(1,692)	-	-	-
Cash flow from financing	**1,924**	**1,618**	**(197)**	**(179)**	**(286)**
FX	8	(129)	-	-	-
Net cash changes	1,689	(318)	505	477	1,936
Beginning cash	3,084	4,773	4,455	4,960	5,437
Ending cash	**4,773**	**4,455**	**4,960**	**5,437**	**7,374**

Source: Citi Research, Company Reports

Figure 11. Key Ratios

	2024	2025	2026E	2027E	2028E
Growth (%)					
Revenue growth	21.5%	-17.1%	-25.2%	40.3%	16.6%
EBITDA growth	7.3%	7.6%	4.0%	64.0%	26.2%
EBIT growth	0.4%	-2.1%	-7.3%	74.3%	28.3%
Net profit growth	1.3%	-22.1%	-5.6%	88.4%	31.3%
EPS growth	1.1%	-22.1%	-5.6%	88.4%	31.3%
Margins (%)					
Gross profit margin	28.1%	38.6%	48.8%	42.7%	41.2%
EBIT margin	9.0%	10.6%	13.2%	16.4%	18.0%
EBITDA margin	11.0%	14.2%	19.8%	23.1%	25.0%
Net profit margin	9.4%	8.9%	11.2%	15.0%	16.9%
Operating cash flow margin	0.6%	-8.6%	53.4%	37.5%	32.8%
Returns (%)					
ROE	12.6%	9.3%	8.3%	14.2%	16.3%
ROA	3.9%	3.2%	3.0%	5.1%	5.8%
ROIC	15.3%	11.8%	9.3%	15.6%	19.8%
ROCE	9.3%	7.4%	5.9%	9.7%	11.4%
Liquidity					
Current ratio	1.3	1.8	1.6	1.4	1.4
Liability to asset	68.4%	63.4%	64.2%	65.3%	64.6%
Net debt to equity	-23.8%	3.3%	-2.9%	-7.6%	-24.5%
Net debt to EBITDA	(1.7)	0.2	(0.2)	(0.4)	(1.1)

Source: Citi Research, Company Reports

Bull/Bear: Maxwell Technology (300751.SZ)

Bull	Base	Bear
Rmb 230.000 ▲4.2% Upside	Rmb 165.000 ▼25% Downside	Rmb 100.000 ▼55% Downside

Spread 59pp
Current Price and expected returns (upside/downside) as of 18 Jun 2026

BULL Assumptions

- Solar equipment orders up by 10%
- Semiconductor equipment orders up by 10%
- GP margin of solar equipment up by 5ppts

BASE Assumptions

- Solar equipment new orders of Rmb6bn in 2026E
- Semicondcutor equipment new orders of Rmb4bn in 2026E
- GP margin of solar equipment of 50% in 2026E

BEAR Assumptions

- Solar equipment orders down by 10%
- Semiconductor equipment orders down by 10%
- GP margin of solar equipment down by 5ppts

Maxwell Technology

Company description

Maxwell is a leading solar cell equipment maker that specializes in screen printing production lines and the complete production lines for HJT solar cells. It has more than 70% market share in both segments. The company also manufactures semiconductor and display equipment.

Investment strategy

We expect strong order intake this year, riding overseas HJT solar cell capacity expansion and ramp-up of its semiconductor and display equipment sales. Specifically, we expect its solar equipment orders to beat its Rmb6.0bn target, and semi equipment orders to double yoy to Rmb3.5-4.0bn in 2026E. Moreover, the company has had margin expansion, including +22.3ppts yoy to 51.4% in 1Q26, with an increased sales mix from overseas and semi equipment. However, we rate the stock a Sell as we believe its valuation could be a reflection of market overreaction to the company's optimistic outlook.

Valuation

Our target price of Rmb165.0/share for Maxwell is based on a DCF valuation, which we believe is an appropriate methodology because it captures the long-term potential returns of the company. We factor in earnings forecasts up to 2035E and terminal growth of 4%. Our WACC for Maxwell is 10.6%, which assumes 1) a risk-free rate of 1.7%, 2) a market risk premium of 11.0%, 3) an equity beta of 1.1x, according to Bloomberg, 4) a cost of debt of 2.9%, 5) a target debt to capital ratio of 30%, and 6) a 4.6% corporate tax rate. At our DCF-based target price, Maxwell would trade at 35.9x 2027E PE and 4.8x PB.

Risks

Key upside risks that could prevent Maxwell’s share price from declining to our target price include: (i) higher-than-expected order demand for HJT cell production lines; (ii) higher-than-expected order demand for semiconductor equipment; and (iii) higher-than-exoected GP margin from HJT cell equipment sales.

AccoTEST

(688200.SS; Rmb375.0; 1; 18 Jun 26; 15:00)

Valuation

Our target price of Rmb302.03 is based on ~30x 2026E P/S, set at +1.0x SD. We adopt the P/S valuation methodology as we think the P/S valuation method best captures the market recognition and track record of the ATE business, which should be the most important factor to value an early stage semi equipment maker and thus indicate the future sales potential.

Risks

Key fundamental downside risks to our target price include: 1) weaker demand recovery; 2) worse-than-expected GPM; and 3) slower-than-expected new product development.

Advanced Micro-Fabrication Eq

(688012.SS; Rmb360.0; 1; 18 Jun 26; 15:00)

Valuation

Our 12-month target price for AMEC of Rmb280.54 is based on ~15x 2026E sales, set at avg. P/S + 2.0x SD after 2022, when AMEC's P/S stabilized. We adopt a P/S valuation method because the profitability of AMEC could be volatile given the relatively small sales scale and yet to stabilize net margins (impacted by intense R&D and large subsidies). We think P/S best captures the market recognition and track record of the semi equipment business, an important factor to value an early-stage semi equipment maker.

Risks

Key fundamental downside risks that could impede the stock from reaching our target price include 1) stricter US restrictions, 2) a weaker-than-expected semiconductor cycle turnaround, and 3) weaker-than-expected GPM.

Han's Laser Technology

(002008.SZ; Rmb134.9; 1; 18 Jun 26; 15:00)

Valuation

Our 12-month target price for Han’s Laser of Rmb155.0 is based on 49x 2027E P/E, set at 2.0x SD above the stock's average since 2010 to reflect its "super cycle" led by stronger demand for PCB and IT (Apple) equipment.

Risks

Key fundamental downside risks that could prevent the shares from reaching our target price include: 1) fewer-than-expected Apple orders; 2) fiercer competition, which could pressure margins; 3) any weakening of auto sales, which would hurt high-power laser equipment demand; 4) failure of any of the new investment projects; and 5) newly emerging technologies substituting laser equipment.

NAURA Technology

(002371.SZ; Rmb721.04; 1; 18 Jun 26; 15:00)

Valuation