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CHINA SOLAR: TRACKING PROFITABILITY INFLECTION

Jun-26: Persistent upstream pricing softness against worsening inventory expectations

Our China Solar Profitability Tracker follows **monthly supply/demand and inventory dynamics by sub-sector, and spot prices/input costs implied cash GP & EBITDA margin trends for companies under our coverage.**

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Key highlights in Jun MTD:

- **Pricing softness persisted across upstream segments in Jun:** Throughout the month, pricing declined by an avg. 5% across the solar value chain. Specifically, Film (-12% MTD) and Cell (-11% MTD) led the price weakness due to lower oil price (-8% MoM) and lower silver cost (-13% MTD) amid surging producer-side inventory during the period (+21% MoM), respectively. In terms of profitability, lower pricing has led to 8pp/7pp/4pp/3pp deterioration in Cell/Film/Poly/Glass, while margin slightly improved by 2pp MTD for Module due to easing cost pressure. **Looking forward, we think pricing softness will persist considering i) worsening inventory outlook into the weak demand season in Jul-Aug, and ii) lower Module production cost due to softening upstream prices and adoption of cheap metal technology by Tier 1 players staring from 3Q.**
- **Global Module demand** declined by 22% mom and 79% yoy to 29GW in May 2026, sending 5M26 down by 46% yoy to 193GW, which is tracking below our FY26E forecast of -12% yoy, mainly due to weaker demand in China (-91% yoy in May and -70% yoy in 5M26).
- **What to do from here?** Across our coverage, we prefer Maxwell (on new application opportunity), Hangzhou First (on solar film price hike and unit profitability expansion potential) and Longi (on ESS potential and more resilient EBITDA driven by upstream price decline with mid-cycle BC upside). We stay cautious on Rod Poly (Neutral/Sell on Daqo ADR/A, and Sell on Tongwei), and Glass (Sell on Flat A/H).

Profitability improved in Module but deteriorated in upstream segments

Exhibit 1: Pricing softness persisted across upstream segments in Jun

Summary of the latest pricing across the solar value chain

		Spot price									Average price		
Price		Weekly 6/25/2026	Monthly Jun-26	QTD 2026Q2	YTD 2026	MTD Jun-26	QTD 2026Q2	YTD 2026	Since anti-involution 7/2/2025	Since anti-monopoly 1/7/2026	MoM Jun-26	QoQ 2026Q2	YTD yoy 2026
Poly						**-6%**	**-19%**	**-37%**	**-4%**	**-37%**	**-4%**	**-30%**	**-5%**
N+Granular Poly	Rmb/kg	32.5	33.1	34.2	40.8	5%	20%	36%	3%	36%	3%	29%	4%
N+Rod Poly	Rmb/kg	33.2	33.8	35.0	42.3	-6%	-18%	-38%	-4%	-38%	-4%	-30%	-6%
Poly Future Quotes (Max)	Rmb/kg	42.5	41.5	41.4	45.0	5%	10%	-30%	15%	-30%	-1%	-15%	-7%
Poly Future Quotes (Median)	Rmb/kg	36.7	36.6	38.2	43.0	0%	-4%	-39%	5%	-39%	-4%	-21%	-7%
Poly Future Quotes (Min)	Rmb/kg	35.9	35.5	34.7	40.4	0%	0%	-38%	6%	-38%	4%	-25%	-11%
Non-China produced Poly	US$/kg	18.5	18.5	18.5	18.5	0%	0%	3%	-3%	3%	0%	0%	-3%
Spread: Rod-Granular	Rmb/kg	0.7	0.7	0.8	1.4	-0.3	0.7	-2.7	-0.5	-2.7	-0.3	-1.3	-1.0
Spread: Max Future - Spot	Rmb/kg	9.3	7.7	6.5	2.8	4.1	11.1	2.9	6.9	2.1	1.2	7.7	n.a.
Spread: Median Future - Spot	Rmb/kg	3.5	2.8	3.2	0.7	2.1	5.7	-2.4	3.2	-2.6	0.0	5.2	n.a.
Spread: Min Future - Spot	Rmb/kg	2.7	1.7	-0.3	-1.8	2.2	7.3	-1.7	3.4	-1.4	2.9	3.3	n.a.
Wafer						**-1%**	**-8%**	**-24%**	**1%**	**-30%**	**-1%**	**-20%**	**-11%**
N+M10	Rmb/pc	0.9	0.91	0.93	1.05	-3%	-9%	-24%	5%	-31%	-2%	-21%	-9%
N+G12L (USS)	Rmb/pc	1.2	1.17	1.18	1.33	0%	-9%	-23%	-2%	-30%	0%	-20%	-12%
N+G12R (DS)	Rmb/pc	1.0	0.99	1.00	1.13	-1%	-7%	-24%	-1%	-30%	-1%	-21%	-11%
Cell-China						**-11%**	**-23%**	**-13%**	**20%**	**-22%**	**-6%**	**-22%**	**31%**
Topcon G12L-China (USS)	Rmb/w	0.30	0.31	0.33	0.37	-10%	-21%	-12%	22%	-21%	-4%	-21%	30%
Topcon G12R-China (DS)	Rmb/w	0.29	0.30	0.33	0.37	-12%	-26%	-15%	18%	-24%	-8%	-22%	32%
Cell-Ex-China						**-12%**	**-19%**	**5%**	**n.m.**	**n.m.**	**-9%**	**-13%**	**36%**
Topcon M10-Ex-China	US$/w	0.04	0.04	0.05	0.05	-12%	-19%	5%	n.m.	n.m.	-9%	-13%	36%
Module-China						**0%**	**-1%**	**6%**	**7%**	**6%**	**0%**	**2%**	**6%**
Bifacial Topcon-China	Rmb/w	0.74	0.74	0.75	0.74	0%	-3%	6%	9%	6%	-1%	2%	7%
NBC-China	Rmb/w	0.86	0.86	0.86	0.85	0%	0%	13%	8%	10%	0%	3%	10%
Topcon USS-China	Rmb/w	0.72	0.72	0.71	0.70	0%	3%	5%	7%	5%	0%	3%	3%
Topcon DS-China	Rmb/w	0.76	0.76	0.77	0.76	-1%	-4%	8%	13%	8%	-1%	2%	9%
Spread: NBC-Topcon	Rmb/w	0.11	0.10	0.09	0.08	0.01	0.04	0.04	-0.03	0.02	0.01	0.01	0.02
Module-Export						**-1%**	**9%**	**24%**	**n.m.**	**n.m.**	**-1%**	**16%**	**14%**
Topcon Export	US$/w	0.12	0.12	0.12	0.11	0%	11%	29%	n.m.	n.m.	0%	20%	18%
BC C&I EU	US$/w	0.14	0.14	0.14	0.13	-3%	1%	21%	n.m.	n.m.	-2%	11%	15%
BS Resi EU	US$/w	0.20	0.20	0.20	0.19	-1%	14%	22%	n.m.	n.m.	-1%	17%	7%
Module-US						**0%**	**0%**	**0%**	**n.m.**	**n.m.**	**0%**	**0%**	**7%**
Imported from Ex-China	US$/w	0.27	0.27	0.27	0.27	0%	0%	0%	n.m.	n.m.	0%	0%	7%
Local assembled	US$/w	0.30	0.30	0.30	0.30	0%	0%	0%	n.m.	n.m.	0%	0%	8%
Module-India						**0%**	**0%**	**0%**	**n.m.**	**n.m.**	**0%**	**0%**	**-1%**
Local assembled	US$/w	0.15	0.15	0.15	0.15	0%	0%	0%	n.m.	n.m.	0%	0%	-1%
Glass						**-2%**	**-15%**	**-27%**	**-21%**	**-21%**	**-6%**	**-15%**	**-23%**
2.0mm PV glass	Rmb/sqm	8.3	8.1	8.7	9.5	-2%	-15%	-27%	-21%	-21%	-6%	-15%	-23%
Film						**12%**	**8%**	**15%**	**11%**	**17%**	**11%**	**29%**	**10%**
EVA film (Transparent)	Rmb/sqm	5.9	6.1	7.1	6.3	-18%	-16%	10%	3%	13%	-15%	30%	7%
EVA film (White)	Rmb/sqm	6.4	6.6	7.6	6.8	16%	-15%	9%	3%	12%	-14%	28%	7%
POE film	Rmb/sqm	10.4	10.5	10.8	9.6	-3%	7%	27%	27%	27%	-2%	29%	16%
Spread: POE-EVA	Rmb/sqm	4.3	4.1	3.5	3.1	1.0	1.8	1.7	1.0	1.6	0.9	0.8	0.9
EVA resin	Rmb/ton	9,200	9,407	10,924	10,407	-4%	-27%	3%	6%	1%	-12%	10%	0%
POE resin	Rmb/ton	15,082	15,082	15,272	12,410	-1%	35%	63%	43%	65%	-1%	60%	17%
Spread: POE-EVA resin	Rmb/ton	5,882	5,675	4,348	2,003	195	7,279	5,627	1,387	6,225	1,180	4,691	1,894

Source: Oilchem, SiliconChina, PVInfolink, SMM, Solarbe

Exhibit 2: Jun spot price implied cash profitability improved in Module but deteriorated in upstream segments

Summary of spot price implied cash GPM and unit GP across the solar value chain

	Spot price implied cash GPM				Spot cash GPM change (in ppt)					Average cash GPM change (in ppt)		
	Weekly 6/25/2026	Monthly Jun-26	QTD 2026Q2	YTD 2026	MTD Jun-26	QTD 2026Q2	YTD 2026	Since anti-involution 7/2/2025	Since anti-monopoly 1/7/2026	mom Jun-26	qoq 2026Q2	YTD yoy 2026
Poly-Tier 1	**4%**	**8%**	**7%**	**20%**	**-4ppt**	**-14ppt**	**-32ppt**	**0ppt**	**-34ppt**	**0ppt**	**-26ppt**	**-2ppt**
Rod Poly	-8%	-2%	-6%	8%	-2ppt	-11ppt	-36ppt	0ppt	-39ppt	4ppt	-29ppt	-4ppt
Granular Poly	15%	17%	20%	31%	-6ppt	-18ppt	-27ppt	1ppt	-29ppt	-4ppt	-23ppt	1ppt
Wafer-Tier 1	**-3%**	**-3%**	**-4%**	**-3%**	**0ppt**	**5ppt**	**1ppt**	**8ppt**	**-11ppt**	**0ppt**	**-2ppt**	**-6ppt**
M10	-9%	-9%	-9%	-7%	-1ppt	4ppt	-2ppt	11ppt	-14ppt	-1ppt	-4ppt	-5ppt
G12	3%	3%	1%	1%	2ppt	6ppt	4ppt	4ppt	-7ppt	1ppt	-1ppt	-7ppt
Cell-Tier 1	**-6%**	**-2%**	**2%**	**6%**	**-8ppt**	**-15ppt**	**-13ppt**	**1ppt**	**-7ppt**	**-3ppt**	**-8ppt**	**8ppt**
Topcon G12R China (USS)	-7%	-3%	1%	6%	-9ppt	-16ppt	-14ppt	0ppt	-8ppt	-4ppt	-9ppt	9ppt
Topcon G12L China (DS)	-6%	-1%	2%	6%	-8ppt	-13ppt	-12ppt	2ppt	-6ppt	-3ppt	-8ppt	8ppt
Module-Tier 1	**11%**	**12%**	**10%**	**5%**	**2ppt**	**8ppt**	**5ppt**	**4ppt**	**18ppt**	**3ppt**	**10ppt**	**1ppt**
Topcon China (pure module)	12%	12%	9%	2%	4ppt	13ppt	10ppt	3ppt	22ppt	4ppt	15ppt	-1ppt
Topcon China (poly to module integrated)	10%	12%	10%	6%	1ppt	7ppt	2ppt	4ppt	14ppt	3ppt	7ppt	1ppt
Topcon China (wafer to module integrated)	10%	12%	10%	5%	1ppt	7ppt	5ppt	4ppt	17ppt	3ppt	9ppt	1ppt
Topcon China (cell to module integrated)	10%	12%	10%	5%	1ppt	6ppt	4ppt	3ppt	19ppt	2ppt	10ppt	3ppt
Glass-Tier 1	**-33%**	**-37%**	**-25%**	**-10%**	**-3ppt**	**-27ppt**	**-46ppt**	**-24ppt**	**-41ppt**	**-9ppt**	**-28ppt**	**-19ppt**
2.0mm PV glass	-33%	-37%	-25%	-10%	-3ppt	-27ppt	-46ppt	-24ppt	-41ppt	-9ppt	-28ppt	-19ppt
Film-Tier 1	**23%**	**24%**	**26%**	**25%**	**-7ppt**	**-3ppt**	**-2ppt**	**1ppt**	**-1ppt**	**-3ppt**	**3ppt**	**4ppt**
EVA film	19%	20%	23%	16%	-12ppt	7ppt	6ppt	6ppt	9ppt	-4ppt	15ppt	5ppt
POE film	27%	27%	29%	33%	-1ppt	-12ppt	-11ppt	-4ppt	-11ppt	-1ppt	-9ppt	2ppt
EVA resin	-5%	-5%	-5%	2%	3ppt	-2ppt	-10ppt	-13ppt	-11ppt	-2ppt	-14ppt	-13ppt

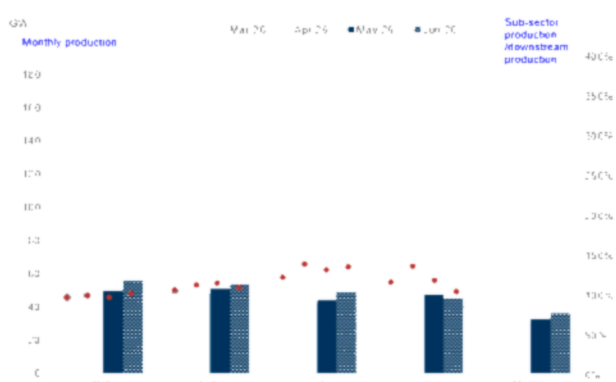
		Spot price implied unit cash profit				Spot cash profit change (in $)					Average cash profit change (in $)		
		Weekly 6/25/2026	Monthly Jun-26	QTD 2026Q2	YTD 2026	MTD Jun-26	QTD 2026Q2	YTD 2026	Since anti-involution 7/2/2025	Since anti-monopoly 7/2/2025	mom Jun-26	qoq 2026Q2	YTD yoy 2026
Poly		**1.0**	**2.5**	**2.4**	**8.0**	**-1.2**	**-5.4**	**-15.1**	**0.1**	**-16.3**	**0.3**	**-11.9**	**-0.1**
Rod Poly	Rmb/kg	[illegible]	[illegible]	[illegible]	3.4	[illegible]	[illegible]	[illegible]	0.1	[illegible]	1.2	[illegible]	[illegible]
Granular Poly	Rmb/kg	4.4	5.7	6.7	12.7	[illegible]	[illegible]	[illegible]	0.1	[illegible]	[illegible]	[illegible]	1.2
Wafer		**0.00**	**0.00**	**0.00**	**-0.003**	**0.00**	**0.01**	**0.00**	**0.01**	**-0.01**	**0.00**	**0.00**	**-0.01**
N+M10 Wafer	Rmb/w	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.01	0.00	0.01	[illegible]	[illegible]	[illegible]	[illegible]
N+G12 Wafer	Rmb/w	0.004	0.00	0.00	0.00	0.00	0.01	0.00	0.00	[illegible]	0.00	[illegible]	[illegible]
Cell		**-0.017**	**-0.005**	**0.00**	**0.02**	**0.80**	**3.06**	**1.47**	**0.12**	**1.32**	**-0.01**	**-0.01**	**0.02**
Topcon G12R China (USS)	Rmb/w	[illegible]	[illegible]	0.00	0.02	0.80	3.06	1.41	[illegible]	1.42	[illegible]	[illegible]	0.03
Topcon G12L China (DS)	Rmb/w	[illegible]	[illegible]	0.01	0.02	0.81	3.05	1.53	0.27	1.22	[illegible]	0.01	0.02
Module		**0.072**	**0.08**	**0.06**	**0.03**	**0.01**	**0.06**	**0.04**	**0.03**	**0.11**	**0.02**	**0.07**	**0.00**
Topcon M10 (pure module)	Rmb/w	0.081	0.08	0.06	0.01	0.03	0.08	0.06	0.03	0.14	0.02	0.10	[illegible]
Topcon (poly to module)	Rmb/w	0.07	0.08	0.07	0.04	0.01	0.04	0.02	0.032	0.093	0.02	0.05	0.01
Topcon (wafer to module)	Rmb/w	0.07	0.08	0.07	0.04	0.01	0.04	0.03	0.03	0.11	0.02	0.06	0.01
Glass		**-2.4**	**-2.6**	**-1.9**	**-0.9**	**-0.1**	**-1.1**	**-3.8**	**-1.6**	**-3.1**	**-0.5**	**-2.2**	**-1.8**
2.0mm PV glass	Rmb/sqm	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Film		**1.1**	**1.1**	**1.5**	**0.9**	**-1.0**	**-0.33**	**0.39**	**0.4**	**0.5**	**-0.5**	**1.1**	**0.3**
EVA film	Rmb/sqm	1.1	1.1	1.5	0.9	[illegible]	0.2	0.39	0.4	0.5	[illegible]	1.1	0.3
POE film	Rmb/sqm	2.5	2.5	2.8	2.9	[illegible]	[illegible]	[illegible]	0.3	[illegible]	[illegible]	[illegible]	0.6

Source: Oilchem, SiliconChina, PVInfolink, SMM, Solarbe, Wind, Goldman Sachs Global Investment Research

Kindly note that our estimates may vary from actual results, as i) our estimated spot price implied GPMs do not factor in company-level price discounts or premiums; and ii) our analysis might be varied vs. the company's actual operations due to production suspension or maintenance schedules of specific plants during the month.

Exhibit 3: Sub-sector production to demand ratio improved to 108% in Jun from 118% in May

Summary of sub-sector production vs. module production across the solar value chain

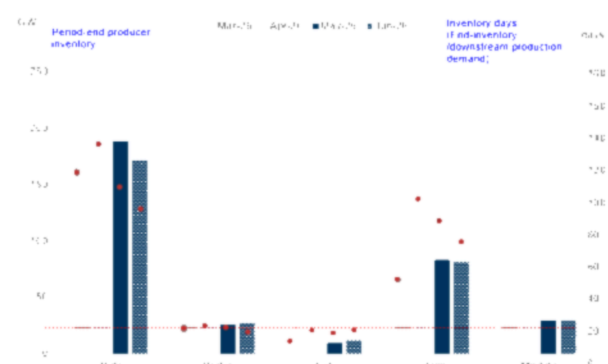


Red dots refer to sub-sector production/downstream production (RHS).

Source: Oilchem, SMM, Goldman Sachs Global Investment Research

Exhibit 4: Producer-side inventory days (vs. demand) improved to 53 days in Jun from 60 days in May

Summary of sub-sector production and beginning inventory vs. module production across the solar value chain



Red dots refer to inventory days (RHS).

Source: Oilchem, SMM, Goldman Sachs Global Investment Research

Exhibit 5: Comp sheet

Company	Ticker	PCY	RCY	Primary Analyst	Last closing price	12m-Target price	+/-%	Rating	Mkt Cap (USD bn)	P/B				EV/EBITDA				ROE			
										2024A	2025A	2026E	2027E	2024A	2025A	2026E	2027E	2024A	2025A	2026E	2027E
Solar main value chain																					
Longi	601012 SS	CNY	CNY	Mengwen Wang	12.45	26.0	109%	Buy	13.9	1.5x	1.7x	1.9x	1.7x	29.2x	73.6x	28.2x	6.0x	-13%	-11%	-8%	10%
Tongwei	600438 SS	CNY	CNY	Mengwen Wang	12.24	12.0	-2%	Sell	8.1	1.0x	1.1x	1.2x	1.2x	26.1x	22.7x	12.3x	7.1x	-17%	-17%	-10%	2%
Daqo US	DQ	USD	USD	Mengwen Wang	13.38	17.4	30%	Neutral	0.9	0.2x	0.1x	0.2x	0.2x	2.4x	n.m	17.3x	n.m	4%	2%	4%	3%
Daqo A	688303 SS	CNY	CNY	Mengwen Wang	18.00	15.8	-12%	Sell	5.0	1.0x	1.0x	1.0x	1.1x	41.5x	38.3x	n.m	105.1x	-6%	-3%	-6%	-3%
GCL Tech	3800 HK	HKD	CNY	Mengwen Wang	0.67	1.30	94%	Buy	2.5	0.3x	0.3x	0.3x	0.4x	n.m	14.2x	11.5x	6.0x	-10%	-7%	-7%	-3%
TCL Zhonghuan	002129 SZ	CNY	CNY	Mengwen Wang	9.50	3.2	-66%	Sell	5.6	0.8x	1.0x	1.2x	1.4x	43.1x	21.9x	32.6x	20.8x	18%	22%	13%	13%
Canadian Solar US	CSIQ	USD	USD	Brian Lee, CFA	14.98	11.0	-27%	Sell	1.0	0.4x	0.4x	0.4x	0.4x	12.9x	11.4x	15.2x	11.1x	2%	4%	4%	n.a
First Solar	FSLR	USD	USD	Brian Lee, CFA	248.36	310.0	25%	Buy	26.7	3.3x	2.8x	2.3x	1.9x	11.2x	8.4x	9.9x	7.6x	18%	17%	19%	n.a
Jinko Solar US	JKS	USD	USD	Brian Lee, CFA	17.27	19.0	10%	Sell	1.0	1.3x	1.6x	1.7x	1.7x	10.6x	n.m	11.5x	8.2x	0%	23%	9%	n.a
Median							**10%**		**5.6**	**1.0x**	**1.0x**	**1.2x**	**1.2x**	**19.5x**	**21.9x**	**13.8x**	**7.9x**	**-6%**	**-7%**	**-7%**	**-3%**
Solar inverter/PCS																					
Sungrow	300274 SZ	CNY	CNY	Jacqueline Du	154.80	135.0	-13%	Neutral	47.2	8.0x	6.4x	5.5x	4.7x	9.9x	11.0x	20.1x	16.5x	32%	30%	24%	20%
Kstar	002518 SZ	CNY	CNY	Hao Chen	49.48	67.0	35%	Buy	4.2	6.6x	6.0x	5.2x	4.5x	26.8x	24.3x	23.7x	17.4x	7%	12%	18%	22%
Kehua	002335 SZ	CNY	CNY	Hao Chen	38.42	37.2	-3%	Neutral	4.2	5.5x	4.5x	4.2x	3.8x	14.0x	24.6x	23.2x	19.1x	7%	7%	11%	13%
Enphase Energy	ENPH	USD	USD	Brian Lee, CFA	47.82	57.0	19%	Buy	6.6	7.9x	5.9x	4.8x	3.8x	87.6x	23.2x	60.8x	27.8x	11%	18%	6%	n.a
SolarEdge	SEDG	USD	USD	Brian Lee, CFA	49.74	34.0	-32%	Sell	2.8	4.3x	6.9x	7.3x	6.6x	n.m	n.m	n.m	-4957.1x	-118%	-75%	-27%	n.a
Median							**-3%**		**4.2**	**6.6x**	**6.0x**	**5.2x**	**4.5x**	**20.4x**	**23.7x**	**23.5x**	**18.5x**	**7%**	**12%**	**11%**	**20%**
Solar Material																					
Flat Glass A	601865 SS	CNY	CNY	Mengwen Wang	10.17	9.7	-5%	Sell	3.5	1.1x	1.1x	1.1x	1.1x	16.2x	13.4x	26.7x	7.9x	5%	4%	6%	5%
Flat Glass H	6865.HK	HKD	CNY	Mengwen Wang	5.96	6.3	6%	Sell	1.8	0.5x	0.5x	0.5x	0.5x	9.9x	8.6x	17.8x	5.1x	5%	4%	6%	5%
Hangzhou First	603806 SS	CNY	CNY	Mengwen Wang	16.29	21.0	29%	Buy	6.2	2.6x	2.6x	2.3x	2.0x	20.2x	28.2x	13.5x	9.1x	8%	5%	13%	17%
Xinyi Solar	0968 HK	HKD	CNY	Mengwen Wang	2.00	3.5	75%	Neutral	2.3	0.4x	0.4x	0.4x	0.4x	10.3x	6.1x	8.3x	3.3x	4%	9%	2%	7%
Median							**17%**		**2.9**	**0.8x**	**0.8x**	**0.8x**	**0.8x**	**13.3x**	**11.0x**	**15.6x**	**6.5x**	**6%**	**6%**	**-4%**	**6%**
Solar Equipment																					
Maxwell	300751 SZ	CNY	CNY	Mengwen Wang	227.75	278.0	22%	Buy	9.3	8.4x	8.0x	6.6x	5.4x	22.6x	15.5x	20.3x	16.1x	13%	9%	22%	25%
Shenzhen S.C	300724 SZ	CNY	CNY	Mengwen Wang	69.25	89.0	29%	Neutral	3.5	2.2x	1.8x	1.8x	1.6x	4.4x	6.8x	14.5x	14.9x	28%	21%	6%	9%
Lead Intelligent	300450 SZ	CNY	CNY	Jacqueline Du	45.28	61.0	35%	Buy	11.1	6.1x	5.4x	4.0x	3.5x	41.1x	29.0x	25.4x	17.8x	2%	13%	14%	17%
Median							**29%**		**9.3**	**6.1x**	**5.4x**	**4.0x**	**3.5x**	**22.6x**	**15.5x**	**20.3x**	**16.1x**	**13%**	**13%**	**14%**	**17%**

As of Jun 24, 2026 closing.

Source: Wind, Company data, Refinitiv Eikon, Goldman Sachs Global Investment Research

May-26 Global demand declined by 79% yoy to 29GW

Global Module demand (derived by the aggregate of China installation implied module demand, China export volume, and US AC-side installation implied module demand) declined by 22% mom and 79% yoy to 29GW in May 2026, sending 5M26 down by 46% yoy to 193GW, which is tracking below our FY26E forecast of -12% yoy, mainly due to weaker demand in China.

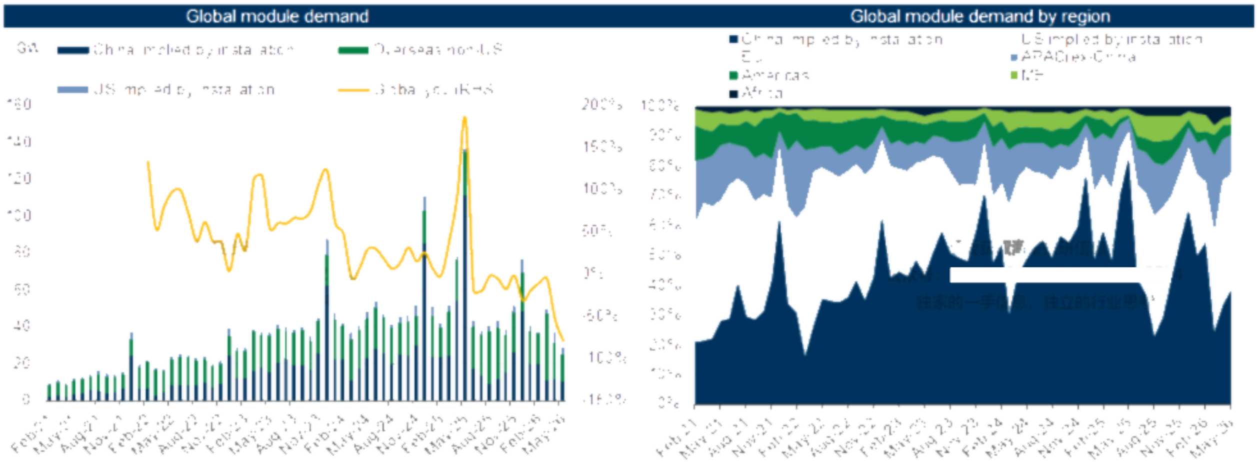
Specifically:

i) China installation in May declined by 91% yoy to 8.7GW (vs. -79% yoy to 9.5GW in Apr), sending 5M26 down by 70% yoy to 60GW, tracking below our FY26E forecast of -25% yoy.

ii) China Module export volume in May declined by 38% yoy to 15GW (vs. -8% yoy in Apr), sending 5M26 down by 2% yoy to 106GW (vs. +8% yoy in 4M26), according to China Customs and PVInfolink. Specifically, demand softened mom across Middle East (-68% yoy), APAC (-39% yoy), EU (-32% yoy) and Africa (-31% yoy).

Exhibit 6: Global Module demand declined by 22% mom and 79% yoy to 29GW in May 2026, sending 5M26 down by 46% yoy to 193GW

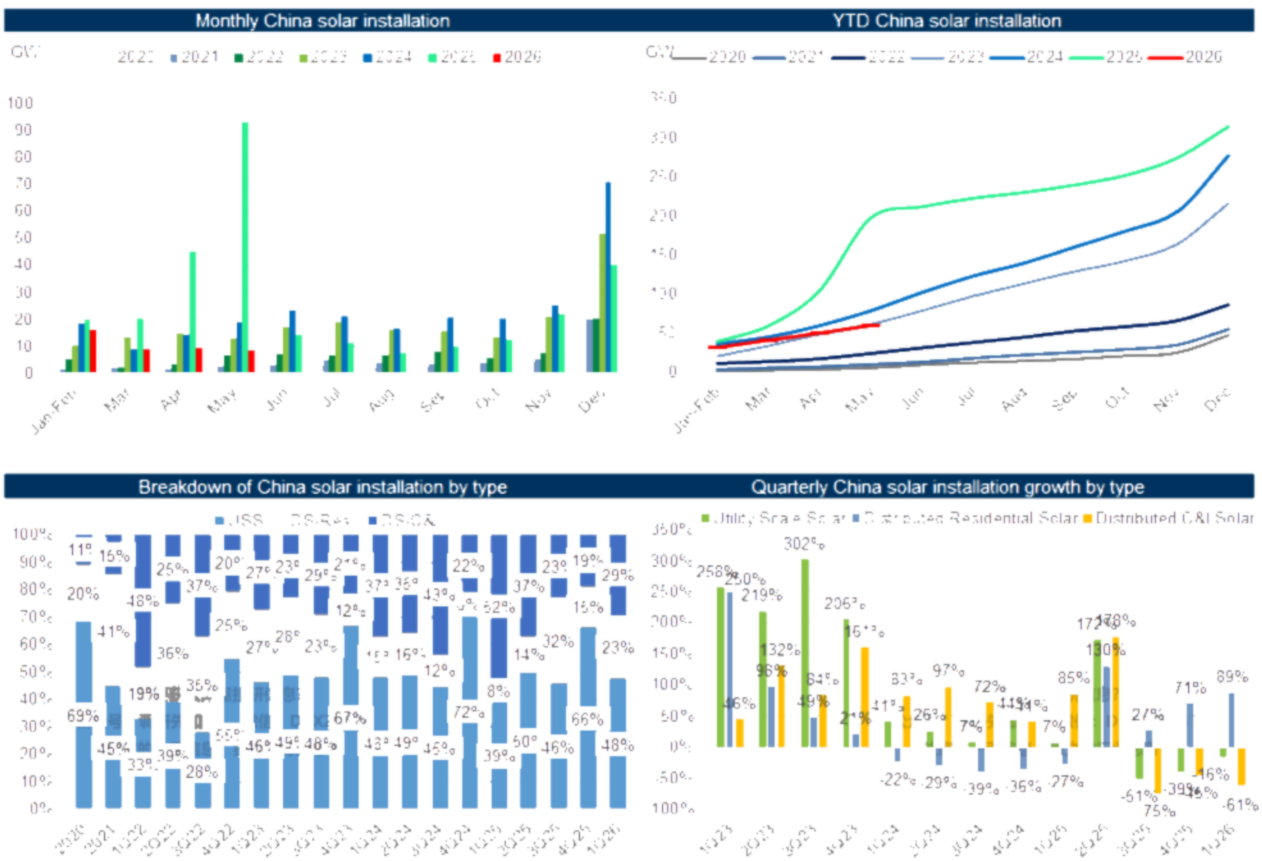
Global module demand



Source: EIA, PV Infolink, NEA, Data compiled by Goldman Sachs Global Investment Research

Exhibit 7: China installation in in May declined by 91% yoy to 8.7GW, sending 5M26 down by 70% yoy to 60GW

China solar module monthly new installations



Source: NEA, Data compiled by Goldman Sachs Global Investment Research

Price Target Risks and Methodology

Maxwell: We are Buy rated on Maxwell. Our 12m TP of Rmb278 is based on a 22X 2027E EV/EBITDA (90%/10% EBITDA mix of 15X/85X EV/EBITDA for core business/new application orders), discounted back to 2026E at an 8.3% CoE. Key risks: 1) Slower-than-expected new application demand could cool down the trial capex investment sentiment, and therefore lead to potential order cancellation risk to Maxwell; 2) tighter export control over solar equipment could meaningfully weaken Maxwell's earnings outlook; 3) slower-than-expected development in the semi industry.

Hangzhou First: We are Buy rated on Hangzhou First. Our 12m TP of Rmb21 is based on a 13X 2027E EV/EBITDA discounted back to 2026E at a 10.5% CoE. Key risks: 1) Lower-than-expected solar installation leading to lower capacity utilization and lower solar film ASP; 2) slower-than-expected capacity expansion; 3) slower-than-expected development into high-end non-solar business (e.g. AI-PCB, solid state battery packaging, etc.); 4) more intensified raw material procurement (e.g. resin) due to supply disruption.

Longi: We are Buy rated on Longi. Our 12m TP of Rmb26 is based on an 11X 2027E EV/EBITDA discounted back to 2026E at an 11.3% CoE. Key risks: 1) Stronger-than-expected rebound in Poly/Glass prices if demand beat expectations coupled with strong supply-side policy implementation; 2) slower-than-expected cost reduction technology adoption progress; 3) slower-than-expected BC development lowering mid-cycle margin inflection potential.