Flash | Citi Research

21 Jul 2026 11:58:02 ET | 12 pages

China Renewable Energy

Strong PRC Inverter Export Demand Continued in June; Sungrow and Deye Improving Shareholder Returns

CITI'S TAKE

Export growth of China inverter products further accelerated in June, with export value +34.1% yoy and +30.3% mom to US$1,230m, from +13.7% yoy in May, boosted by strong global demand, in particular in Australia and Africa. Inverter exports from Zhejiang, where Deye is located, jumped 103.6% yoy in June, while that from Anhui, where Sungrow is headquartered, was +8.8% yoy. Meanwhile, China solar module export value increased 11.9% yoy and 20.2% mom to US$2,150m in June, mainly due to increased average unit price, while the export volume was -24.2% yoy but +16.7% mom to 16.4GW, in our estimate, mainly due to cut demand from South America and Europe. In the PRC solar and ESS sector, we prefer Sungrow and Deye, benefiting from strong global energy storage demand growth. Today, Sungrow's chairman proposed a share buyback of Rmb500-1,000m and Deye's controlling shareholder proposed interim dividend of Rmb1.6/share to boost shareholder returns.

China Solar Sector

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China inverter export value up 34.1% yoy in June – China inverter export value was +30.0% yoy to US$5,535m in 1H26, including +34.1% yoy and +30.3% mom to US$1,230m in June. By destination regions, the incremental value demand in June was mainly from Oceania (+210.3% yoy to US$107m), boosted by subsidy policy on residential energy storage projects in Australia; Africa (+77.0% yoy to US$102m), owing to more demand from emerging markets such as Nigeria; and Asia (+31.8% yoy to US$488m), with more demand from Pakistan, India, and Thailand. The monthly inverter exports to Europe were +28.3% yoy to US$437m, accounting for 35.5% (-1.6ppts yoy) of the total export. By major shipping origins, monthly inverter exports from Anhui province, where Sungrow is headquartered, was +8.8% yoy to US$120m in June, while that from Zhejiang province, where Deye is headquartered, was +103.6% yoy to US$405m.

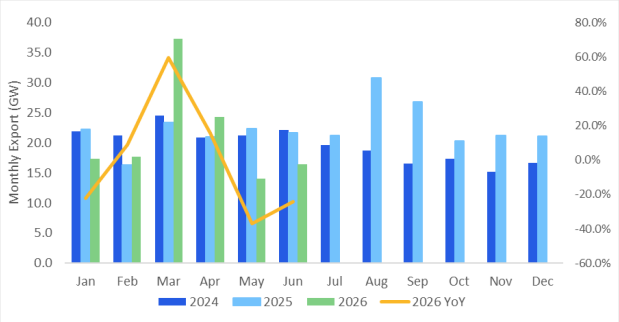
China solar module export value up 14.4% yoy in June – China's solar module export was +14.4% yoy to US$13,197m in 1H26, including +11.9% yoy and +20.2% mom to US$2,150m in June. In terms of export volume, we estimate China's monthly solar export volume to be -24.2% yoy but +16.7% mom to 16.4GW in June with increased module prices and Rmb/US$ appreciation. By destination regions, the demand decline in June was mainly from South America (-31.0% yoy to 1.3GW), followed by Europe (-26.2% yoy to 6.9GW), and Asia (-21.9% yoy to 6.2GW), though partly offset by incremental volume from Oceania (+19.2% yoy to 0.9GW). China's total solar module export volume was +0.2% yoy to 127.2GW in 1H26.

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

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Module production output to rise in July – China module production volume was -26.0% yoy to 209.6GW in 1H26, including -18.4% yoy but +3.8% mom to 37.8GW in June, according to SMM. The industry body estimates the monthly module output could rise 11.2% mom but -10.8% yoy to 42.0GW in July. China's solar installation was -69.9% yoy to 59.6GW in 5M26, due to the high base of rush installation in the same period last year.

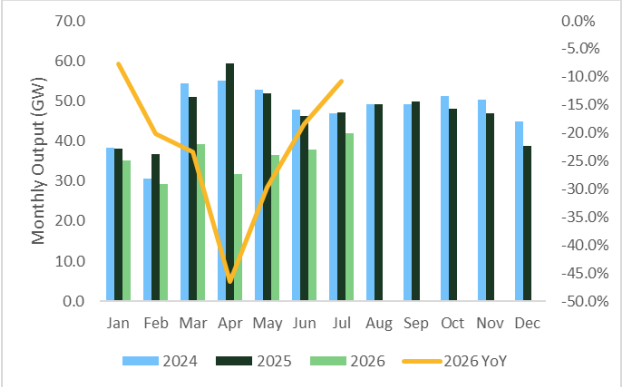
Figure 1. PRC monthly solar module export



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Source: China Customs, Citi Research

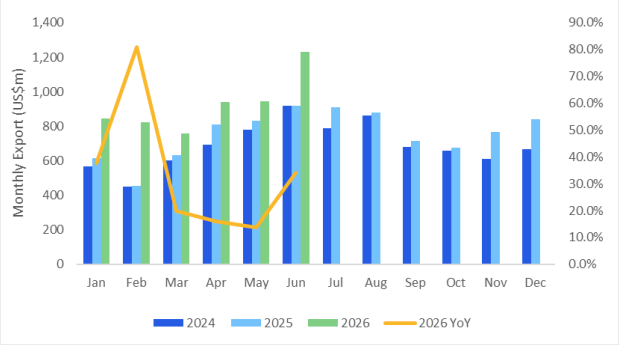
Figure 2. PRC monthly solar module output



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Source: SMM, Citi Research

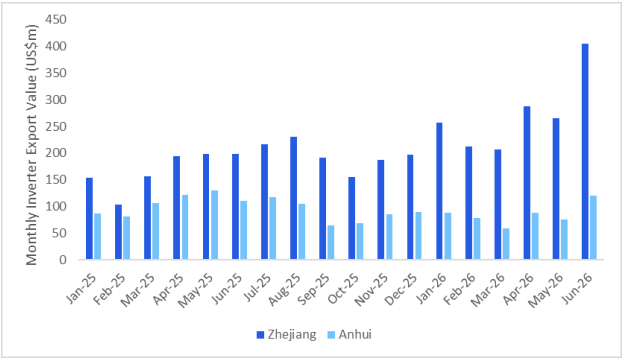
Figure 3. PRC monthly solar inverter export



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Source: China Customs, Citi Research

Figure 4. PRC monthly solar inverter export from Anhui and Zhejiang



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Source: China Customs, Citi Research

Ningbo Deye Technology

(605117.SS; Rmb81.27; 1; 21 Jul 26; 15:00)

Valuation

Our target price for Deye of Rmb142.857/share is based on a DCF model, which we believe is a suitable valuation methodology as we expect sustainable growth in energy storage demand from emerging markets, from current low penetration levels. Our model incorporates our forecasts for cash flows up to 2035E and assumes a terminal growth rate of 3.0%. We apply a WACC of 8.4%, derived from a risk-free rate of 1.6%, a market risk premium of 8.9%, and an equity beta of 0.9x. Our target price equates to a 2027E P/E of 26.8x and P/B of 10.0x.

Risks

Key downside risks that could cause Deye's shares to trade below our target price include: (i) lower-than-expected residential and C&I energy storage demand in emerging markets; (ii) fiercer-than-expected price competition among inverter peers; and (iii) higher-than-expected trade tariffs against Chinese inverter products in overseas markets.

Sungrow Power Supply

(300274.SZ; Rmb104.08; 1; 21 Jul 26; 15:00)

Valuation

Our target price for Sungrow shares of Rmb185.0 is based on a DCF valuation, which we believe is appropriate 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 Sungrow is 10.2%, which assumes: 1) a risk-free rate of 5.2%; 2) a market risk premium of 6.8%; 3) an equity beta of 1.1x; 4) a cost-of-debt of 3.9%; 5) a target debt-to-capital ratio of 30%; and 6) a 25.0% corporate tax rate. At our DCF-based target price, Sungrow would trade at 20.2x 2027E PE and 5.3x PB.

Risks

Key downside risks that could prevent Sungrow shares from reaching our target price include: (i) slower-than-expected solar installation that could accelerate Sungrow's PV inverter and EPC business growth; (ii) less-than-expected energy storage system demand from China and the overseas market; and (iii) intensification of overseas trade tensions that could lessen the exports of Sungrow's products.

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Appendix A-1

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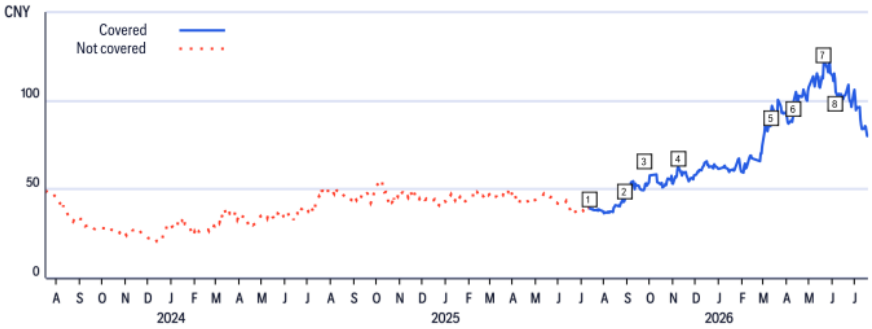
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Ningbo Deye Technology (605117.SS)

Ratings and Target Price History
Fundamental Research

Analyst: Air Ma



	Date	Rating	Target Price	Closing Price
1	11-Jul-25 15:08:17	*1	*48.57	39.34
2	28-Aug-25 12:58:00	1	*50.71	44.42
3	22-Sep-25 03:45:06	1	*55.86	49.53
4	09-Nov-25 18:20:39	1	*72.86	62.72
5	10-Mar-26 05:39:48	1	*103.57	85.64
6	09-Apr-26 13:43:44	1	*117.86	90.65
7	20-May-26 02:58:11	1	*142.86	121.21
8	05-Jun-26 02:40:31	1	*142.86	104.91

*Indicates Change

Rating/target price changes above reflect Eastern Time

Sungrow Power Supply (300274.SZ)

Ratings and Target Price History
Fundamental Research

Analyst: Pierre Lau, CFA



	Date	Rating	Target Price	Closing Price
1	24-Aug-23 14:05:57	1	*104.29	70.93
2	27-Oct-23 14:13:49	1	*85.71	59.19
3	22-Apr-24 12:53:27	1	*87.86	67.14
4	30-Jun-24 14:26:02	1	*76.00	62.03
5	25-Aug-24 11:11:18	1	*78.00	68.12
6	31-Oct-24 12:55:52	1	*105.00	90.62
7	10-Feb-25 09:07:21	1	*85.00	72.13
8	23-Feb-25 08:42:35	*3	*63.00	67.47
9	15-Apr-25 08:13:28	3	*48.00	57.29
10	27-Apr-25 20:08:42	3	*53.00	58.82
11	27-Jul-25 17:35:10	*1	*90.00	75.78
12	25-Aug-25 13:35:38	1	*120.00	102.60
13	22-Sep-25 03:45:06	1	*160.00	137.23
14	28-Oct-25 12:58:24	1	*200.00	165.88
15	09-Nov-25 16:02:51	1	*240.00	201.00
16	31-Mar-26 13:36:12	1	*200.10	150.76
17	27-Apr-26 12:08:02	1	*168.00	131.39
18	25-Jun-26 10:15:49	1	*185.00	152.66

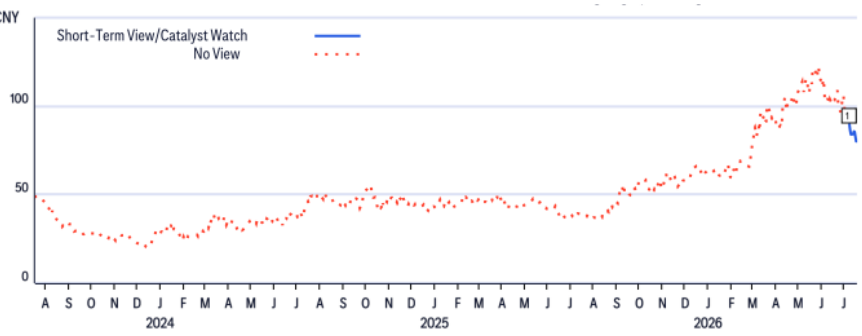
*Indicates Change

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Ningbo Deye Technology (605117.SS)

Short-Term View/Catalyst Watch Research

Analyst: Air Ma



	Date	Action	Expected Direction	Duration	Closing Price
1	08-Jul-26 00:32:26	Add CW	Upside	30 Days	89.57

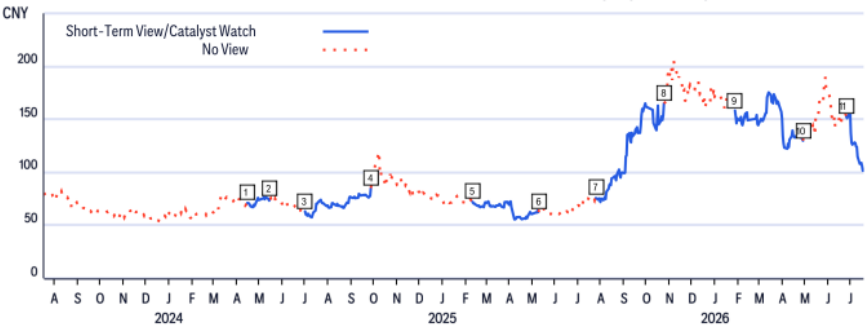
CW - Catalyst Watch , STV - Short-Term View

Rating/target price changes above reflect Eastern Time

Sungrow Power Supply (300274.SZ)

Short-Term View/Catalyst Watch Research

Analyst: Pierre Lau, CFA



	Date	Action	Expected Direction	Duration	Closing Price
1	15-Apr-24 01:38:47	Add CW	Downside	30 Days	71.24
2	15-May-24 13:01:03	Remove CW	Downside	30 Days	75.11
3	01-Jul-24 00:27:42	Add CW	Downside	90 Days	63.15
4	27-Sep-24 14:27:48	Remove CW	Downside	90 Days	85.20
5	10-Feb-25 04:07:21	Add CW	Downside	90 Days	72.13
6	11-May-25 23:13:57	Remove CW	Downside	90 Days	62.52
7	27-Jul-25 13:35:10	Add STV	Upside	90 Days	75.78
8	24-Oct-25 14:21:43	Remove STV	Upside	90 Days	165.00
9	27-Jan-26 22:15:05	Add CW	Downside	90 Days	158.19
10	28-Apr-26 23:16:25	Remove CW	Downside	90 Days	129.89
11	25-Jun-26 06:15:49	Add CW	Upside	30 Days	152.66

CW - Catalyst Watch , STV - Short-Term View

Rating/target price changes above reflect Eastern Time

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% of companies in each rating category that are investment banking clients	38%	42%	27%	42%	37%	36%

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